

Tiet Cong Escape Saigon Unit After Resort City Raid

SALAT, South Vietnam, May 31 (AP).—About 75 Viet Cong and 2 Vietnamese soldiers, who seized part of this South Vietnamese city in a bold attack yesterday, slipped past hundreds of government troops today and escaped into the surrounding hills.

Nixon Holding Meeting With Top Military

WASHINGTON, May 31 (AP).—President Richard M. Nixon held a meeting with top military officials today, including Gen. Craig W. Abrams, commander of U.S. forces in Vietnam, for a review of the Vietnamization program.

Gen. Abrams said that it was not a matter of making any "dramatic decisions" but rather of making "practical decisions" in the Vietnamization program.

Others attending the meeting at the White House were Sec. of Defense Melvin R. Laird, Deputy Secretary David Packard, and several other officials.



BEFORE ATTACK—This is the type of Mekong River boat in which seven newsmen were traveling when attacked by snipers. The photo was made by Mark Godfrey from the newsmen's boat just before the Communist gunners opened fire on the craft.

7 Newsmen Flee Attack on Mekong River

By Hugh A. Mulligan  
KOMPONG CHOM, Cambodia, May 31 (AP).—A hollow popping sound echoed across the river near the Prek Kak rubber plantation, the sampan engine was knocked out for 40 minutes as fleeing newsmen rounded a desolate island in the river and got hung up on a sand bar.



DURING ATTACK—London newsmen Simon Dring (background) and a Cambodian interpreter use binoculars in an effort to spot snipers firing at their boat. CBS man George Syvertsen mans the wheel while a Cambodian boatman crouches at left.

What Is NATO? Many Germans Have No Idea

MUNICH, West Germany, May 31 (AP).—For 17 percent of West Germany's population, NATO is something such as a chemical formula, a stomach preparation, a girl's name, or title of a book, a poll reported today.

A Leading Soviet Biologist Is Reported Under Detention

MOSCOW, May 31 (NYT).—Zhores A. Medvedev, a Russian biologist known for his attacks on the genetic theories made official during the Stalin era, reportedly was arrested Friday in Omsk, an atomic-research city, 62 miles south of Moscow.

Polls Add Impetus to U.K. Race

LONDON, May 31 (UPI).—Prime Minister Harold Wilson, perhaps mindful of sagging ratings in the opinion polls, took the offensive today in the first of a planned series of American-style "whistle-stop" tours.

Ambushes Cost Israelis Heavily On Two Fronts

JERUSALEM, May 31 (NYT).—The Israeli Army confirmed today that it suffered heavily in ambushes on two fronts yesterday in the continuing limited war with the Arabs.

Jet With 35 Pirated From Italy to Cairo

CAIRO, May 31 (AP).—Gianluca Stellino, a 23-year-old Italian law student, hijacked an Alitalia jetliner, with 34 others aboard, to Egypt yesterday. He has asked for political asylum; it was reported here today.

EEC Blocks Wider Margins Among the Major Currencies

VENICE, May 31 (Reuters).—The Common Market yesterday blocked plans for more flexible exchange rates among the world's major currencies, European central bankers said here.

Black Panther Leader May Get Bail

By Earl Caldwell  
SAN FRANCISCO, May 31 (NYT).—The voluntary manslaughter conviction of imprisoned Black Panther leader Huey P. Newton has been overturned here by the California Court of Appeal.



Huey Newton

Appeal Reverses Newton's Conviction

Mr. Newton, now 28, was convicted on Sept. 8, 1968. He had been charged with murdering John Frey, 23, an Oakland policeman, with Mr. Frey's gun, but the jury convicted him of voluntary manslaughter.

Dubcek Makes Unexpected Trip Home

VIENNA, May 31 (UPI).—Alexander Dubcek, who led Czechoslovakia's Communist party up to and during the invasion by the Soviet Union in August, 1968, flew home over the weekend from Turkey, where he has been Czechoslovak ambassador since late January.



Alexander Dubcek





OPENERS—Yasser Arafat, chairman of the Palestinian Liberation Organization executive committee, and Makal Nassar, a member of the PLO at the opening session of the Palestinian National Council at Arab League headquarters in Cairo this weekend.

## Israeli Losses Are Heavy In Ambushes by Egypt

(Continued from Page 1)

The narrow road runs close to the embankment, and on the other side is a vast salt marsh, so there was no easy escape and no shelter. Before the Israelis had fought their way out along the road they had lost nine dead and four wounded and another man was missing.

From across the canal the Egyptians laid down a heavy artillery barrage to cover the withdrawal of the Egyptian commando force, which made it back across the canal in motorized rubber boats.

The Israeli Air Force was brought

into action only an hour after the ambush, and it pounded artillery emplacements on the Egyptian side for seven and a half hours.

Even while the air strikes were continuing, at about 6:30 in the evening, a second Israeli patrol was ambushed about 11 miles farther south on the same road, between el-Cap and Tina.

Again the Egyptians caught the Israelis between the embankment and the salt marsh. Four Israelis were killed in that encounter, and one is missing.

This morning Egyptian planes returned to the attack in the northern part of the canal zone, and an Israeli soldier was wounded. An Egyptian plane was hit by anti-aircraft fire, according to the Israeli Army spokesman, but was not seen to come down.

The Israeli Air Force also resumed its regular bombing of Egyptian positions on the canal today.

## Palestine Ranks Grow as Council Meets in Cairo

CAIRO, May 31 (UPI).—The Marxist Popular Front for the Liberation of Palestine (PFLP), known for its air hijackings, sent one delegate for the first time to the Palestinian National Council (parliament), which met here today, Palestinian sources said.

Earlier reports said the PFLP, which boycotted previous council meetings, would send eight delegates. But even the presence of one PFLP representative was considered by Palestinian sources an important breakthrough and a step toward Palestinian national unity. Three other minor groups sent delegates to the conference for the first time.

Council chairman Yehia Hanmouda said the council yesterday approved the agenda but added one item to it dealing with the unity of guerrilla organizations: "To pave the way for an upsurge of the Palestinian revolution."

## Western Cash To Be Sought By Gromyko

### Paris Trip to Urge Investment Funds

PARIS, May 31 (AP).—Soviet Foreign Minister Andrei Gromyko arrives here tomorrow to seek Western development capital and French support for a Russian-inspired conference on European security.

French diplomatic sources say Mr. Gromyko may pick up pledges for French investment, but that France still has deep reservations about convening a security conference before more progress has been made on key continental issues.

Prime among these is the question of allied access to Berlin, which the French and their Western partners have chosen as a sort of litmus test for Soviet good will.

French officials have not hidden their disappointment about Soviet intransigence on the Berlin question during four-power talks in the former Reich capital.

### Little Encouragement

Nor have the French found much to be encouraged about in the Big Four discussions on the Middle East. These talks, suggested by the French, began last year and are aimed at finding a compromise solution in the Middle East. Here again the Russian position has hardened.

Sources, therefore, expect progress during Mr. Gromyko's five-day visit to be limited to bilateral commercial questions.

The Russians seek investment capital for a large truck-assembly plant and exploitation money for a rich copper deposit near Lake Balkash in central Asia. Both these projects are reportedly too large for French resources, but some feel France might become a major partner in Western consortiums formed to undertake them. Also under negotiation is the French purchase of Soviet natural gas.

The question of Franco-Russian trade will also be on the agenda when Mr. Gromyko sees French Finance Minister Valéry Giscard d'Estaing on Wednesday.

The French finally showing a surplus in their trade with the Soviet Union, will be trying to increase it. For all the fanfare that greeted former President Charles de Gaulle's opening to the East in his triumphal tour of Russia in 1966, the results have fallen short of French expectations.

### No French-Soviet Romance

France is still No. 6 among Russia's non-Communist trading partners, West German Chancellor Willy Brandt's own "Ostpolitik" has diminished France's value in the eyes of Soviet leaders, and French opinion seems less willing than before to support Gen. de Gaulle's idea of a romance with the Kremlin.

The very reason Gen. de Gaulle looked eastward was to normalize relations on the Continent, to promote the breakup of the blocs and thus create the conditions for French independence.

These aims figured prominently in the Moscow communiqué marking the end of Gen. de Gaulle's visit June 30, 1966. "For France, as for the Soviet Union, the prime objective in this spirit of normalization is the progressive development of relations among all European countries in the respect for the independence of each and non-interference in others' affairs."

Two years and two months later, the Soviet Union invaded and occupied Czechoslovakia, hurrying the Gaullist balloon.

## Black Panther Wins Reversal

(Continued from Page 1)

Charles R. Garry, chief counsel for the Panthers, said the party held the position of minister of defense. Mr. Seal is the party's national chairman.

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Reduced Charge

Mrs. Stender also pointed out that if Mr. Newton is tried again, he can be tried only for simple manslaughter. Voluntary manslaughter or any higher charge would be subjecting Mr. Newton to double jeopardy, she said.

In ruling that the court in Oakland which heard the case had erred, the appeal court said that it was "reasonably probable" that the proper instructions had been given the jury that if they accepted this testimony, it would constitute a complete defense and would have resulted in a verdict of acquittal.



## Brandt's Eastern Policy Assailed at Bonn Rally

BOON, May 31 (UPI).—The League of Expellees, a right-wing organization representing several million Germans driven out of former German territories in East Europe, staged a large rally against Chancellor Willy Brandt here yesterday.

Nominally, the rally was to oppose the "Eastern policy" of seeking normal relations with the European Communist states pursued by Mr. Brandt's Social Democratic-Liberal government coalition since it took power last October. Police estimated that 10,000 persons attended the rally.

But the main speakers, Herbert Caisa, league president, and Franz Josef Strauss, the conservative Christian Social Union party leader, quickly turned it into an anti-Brandt demonstration.

Mr. Caisa, a native of Silesia, now part of Poland, called on the expellees to resist the government's current political dialogues with Poland and the Soviet Union which are aimed at mutual acknowledgement of frontiers in central Europe.

## Survival Called Unprecedented

### U.S. Army Surgeons in Saigon Remove Bullet in GI's Heart

SAIGON, May 31 (AP).—U.S. base inside Cambodia about 90 miles north of Saigon, where medics sealed his chest wound and began giving him plasma. He was then evacuated by helicopter to Quang Lo, some 30 miles to the south.

Pvt. Donald E. Light was reported in good condition Saturday and was able to talk with members of his family by telephone.

"We've never had a case like this before," said Dr. Elias Hanna, cardiac surgeon at the U.S. Army's 3d Field Hospital in Saigon.

There have been cases in which the heart was punctured by fragments, but as far as I know, this is the first time a whole bullet has been removed from the heart.

Usually an AK-47 bullet will shatter the heart. It's a miracle that Don Light is alive.

"Apparently the muscles of the ventricle contracted when they were punctured, causing the holes to close somewhat," Dr. Hanna continued.

"Pressure inside the chamber dropped as he lost blood and went into shock, and clots formed in the holes. That's what saved his life, that and his excellent physical condition."

## 7 Newsmen Flee Attack on Mekong River

(Continued from Page 1)

ing market. Three miles out of Kompong Chom they passed the last Cambodian Army river outpost. Six miles up the river, the other sampan put into the last village with people, burdened with baskets of food, bawling children and one sewing machine.

From there on, except for a few fishing sampans and one ferry crossing to the east bank, the muddy half-mile-wide river was empty and silent.

Dr. Hanna continued.

Some wanted to turn back. Others wanted to keep going north. The compromise was to round the island off to the right to see if there was an alternate channel. Safely around the tip of the island, the engine gave out. The pilot, working so furiously that his hands were bleeding, managed to get it started.

Under way again, the boat got hung up on a sand bar.

## Viet Cong's Elusive COSVN Is Still Very Much in Business

By George McArthur

SAIGON, May 31.—When President Nixon ordered American troops into Cambodia four weeks ago he spelled out in the chagrin of some ranking members of the American establishment in Saigon that a main target would be the legendary Central Office for South Vietnam, the headquarters known by the acronym COSVN, which directs the Communist side of the war.

These officials figured that someone around the President had told him the mention of COSVN would spruce up the Cambodian operation and make it a bit less palatable to the American public.

The officials knew, however, that any friendly troops would get within striking distance of the headquarters complex, which was even then split up and on the move deeper into the jungles.

"If we could have been really sure of getting COSVN, do you think we would have really waited until now?" one cynical officer said.

Some knowledgeable people here say the Americans have made a few stabs at COSVN, primarily with B-52 bombers. Once a segment of COSVN escaped only six hours ahead of a saturation raid. Through it all, however, COSVN was virtually unscathed, its tanks of radios and radioteletype machines beeping away from first one location and then another.

Still in Business

The present finding seems to be that COSVN is still very much in business and has added the direction of the war in Cambodia to its duties. In addition, it is, on the basis of fragmentary evidence, now planning for a long war in both Vietnam and Cambodia.

While COSVN may have been taken by surprise in a tactical sense on the morning of May 1, when U.S. troops began to pour over the frontier, the Communists were prepared for the eventuality and had ordered the implementation of their "contingency plan" for Cambodia.

The plan started with the seizure April 30 of the town of Attapeu, in southern Laos on the southern end of the Ho Chi Minh Trail, evidently intended to be a major supply portal into northern Cambodia.

Within 17 days the North Vietnamese battalions which had been along the Cambodian border with Vietnam had marched inland to seize most of their goals. These consisted mainly of the major towns in northeast Cambodia, particularly along the Mekong River, and control of the provinces of Mondulkiri, Ratanakiri and Kratie.

Strategic Sanctuary

Although the U.S. and South Vietnamese intervention further south evidently disrupted COSVN's plans for deeper movements, their reaction gave them the "strategic sanctuary" that they felt vital after the loss of the "tactical" sanctuaries along the border.

All of this was more or less predictable. Captured documents indicate that COSVN's political reaction was more complex.

Although three members of Prince Norodom Sihanouk's current cabinet-in-exile are members of the Khmer Rouge, the Communist group that the prince opposed rather effectively while he ruled, they have little strength inside Cambodia. Western intelligence sources put the total at 3,000.

Captured directives that evidently came from COSVN to lower political echelons in Cambodia indicate that this lack of organized party supporters is felt to be the biggest weakness facing the Communists for the moment.

Knowing that the ordinary Cambodian is intensely distrustful of outsiders, Vietnamese and vice versa, COSVN documents indirectly admit that the first priority in returning Sihanouk to power is to recruit more Cambodians. Meanwhile, Viet Cong and North Vietnamese cadres are being sent into the countryside with instructions to take control where they can and to work with the Cambodians. In border provinces, Vietnamese cadres being

draw up a list of what in effect are proscribed military targets. The list was later transmitted to the American Embassy in Saigon, which passed it on to the military assistance command. Viet Cong, which also directs the American military effort in Cambodia.

Buddhist Monks Begin 2-Day Fast in Saigon

SAIGON, May 31 (Reuters).—Several hundred Buddhist monks began a two-day fast at a pagoda in Saigon to protest the war and alleged religious discrimination by the South Vietnamese authorities.

More than 100 riot policemen armed with tear gas threw up a cordon of barbed wire around the pagoda, apparently to prevent any attempt by the militant monks to break it down.

Informed sources said that several hundred monks of the sect of An Quang sect had also gone on a fast in the former imperial capital of Hue in the north. The An Quang monks are demanding that all parties directly involved in the Vietnam-South Vietnam war—the Viet Cong, North Vietnam and the United States—gently seek a solution to the conflict.

Anti-U.S. Rallies in Japan

TOKYO, May 31 (AP).—An estimated 8,000 leftist, mostly college students, staged anti-U.S. rallies and demonstrations across Japan today, but no major incidents occurred, police reported. The rallies were protesting the U.S. forces' bases in Japan.

Weather

ALGATHE... 0. P. Sunny  
AMSTERDAM... 16. 61. Partly cloudy  
ANKARA... 20. 68. Partly cloudy  
ATHENS... 22. 72. Partly cloudy  
BEIRUT... 24. 75. Partly cloudy  
BOMBAY... 28. 82. Partly cloudy  
BUENOS AIRES... 18. 64. Partly cloudy  
CAIRO... 24. 75. Partly cloudy  
CHICAGO... 18. 64. Partly cloudy  
COPENHAGEN... 13. 55. Partly cloudy  
DUBLIN... 16. 61. Partly cloudy  
HONG KONG... 28. 82. Partly cloudy  
LONDON... 17. 63. Partly cloudy  
LYON... 18. 64. Partly cloudy  
MADRID... 18. 64. Partly cloudy  
MILAN... 18. 64. Partly cloudy  
MOSCOW... 18. 64. Partly cloudy  
MUNICH... 18. 64. Partly cloudy  
NEW YORK... 18. 64. Partly cloudy  
NICE... 18. 64. Partly cloudy  
OSLO... 18. 64. Partly cloudy  
PARIS... 18. 64. Partly cloudy  
PRAGUE... 18. 64. Partly cloudy  
ROME... 18. 64. Partly cloudy  
STOCKHOLM... 18. 64. Partly cloudy  
TALLINN... 18. 64. Partly cloudy  
TUNIS... 18. 64. Partly cloudy  
VIENNA... 18. 64. Partly cloudy  
WARSAW... 18. 64. Partly cloudy  
WASHINGTON... 18. 64. Partly cloudy  
ZURICH... 18. 64. Partly cloudy

## Genoa-Rome Jet Hijacked

(Continued from Page 1)

and stay in Naples. Police kept at a distance. After half an hour the plane took off again. Five hours later, the plane landed in Egypt. There was no panic among the passengers.

### Pilot's Account

ROME, May 31 (Reuters).—The pilot of the DC-9 airliner taken to Cairo, Capt. Gino Baldarati, returned today and said of the hijacking: "I tried to put him off the whole idea. He was nervous—his eyes seemed to bulge out of his head. But later, once we were on our way to Egypt, he calmed down. When he left the plane at Cairo, he thanked me and said he would not forget me."

Italy has asked for the suspect's extradition through Interpol, source here said.

Mr. Stellino's doctor told newsmen the student had been under observation for a nervous condition that apparently stemmed from two heart operations.

The Italian state radio said that he recently told police he was responsible for a bank robbery in Genoa, but it later proved he had nothing to do with it.

The radio said Mr. Stellino was "confused" and apparently acted without political motivation.

Colombians Hijacked

BOGOTA, Colombia, May 31 (UPI).—A Colombian Avianca airliner with 42 passengers was hijacked and ordered to fly to Cuba by two armed men today while on a domestic flight from Bogota to Bucaramanga.

The turboprop Avro-748 was scheduled to land briefly at Bucaramanga, 190 miles northeast of Bogota, for refueling.

An Avianca spokesman said the identity of the hijackers was unknown.

## Beirut Protests Israeli Patrols

### Israeli Patrols

BEIRUT, May 31 (UPI).—Lebanon accused Israel today of "flagrant violation" of the 1949 armistice agreement by sending continuing patrols across this country's southern border.

This was the first official admission by Lebanon that such crossings were taking place, although the Israelis have, in fact, been coming across daily since Israel's Gen. Mordecai Gur announced last Sunday the new Israeli policy of "policing" the border because the Lebanese Army was unwilling to control Palestinian commandos.

The Lebanese Army is not challenging the Israelis with gunfire. The army is leaving it to the politicians to advertise that this is an international border recognized by Israel in the 1949 armistice.

The armistice lapsed at the time of the 1967 war. However, the Lebanese did not take any part in that war.

Russia, Ethiopia Agree

MOSCOW, May 31 (UPI).—Russia and Ethiopia today called for an "unconditional withdrawal" of foreign troops from Indochina, according to a communiqué on the visit to Moscow by Emperor Haile Selassie.

Mr. Dubcek's supporters have been disturbed by a demand last week from the hard-line Communist members of parliament to demand Czechoslovak trials against "counter-revolutionary and anti-socialist forces."

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## Dubcek Back Home on Visit

(Continued from Page 1)

slovakia's 1968 reformers continued today.

Prague radio commentator Milena Blasova said this morning that the "enemies of socialism" during the 1968 reform era had sought to penetrate to the heart of socialism and make a corridor to Moscow through Czechoslovakia.

"Socialism was at stake—Moscow was at stake," she declared.

Mr. Dubcek's arrival in Czechoslovakia coincided with a new attack on him in the party daily Ruz' Pravo.

The paper's editor, Miroslav Moe, accused Mr. Dubcek in an editorial of receiving money from the pre-1968 hard-line regime of Antonin Novotny.

Terms used by the party press to describe Mr. Dubcek now include "hypocrisy, insincerity, narrow-mindedness, irresponsibility, rightist opportunism."

He is said to have used "tactics which finally paralyzed the party, government, economy—the entire state and society."

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## Nixon Forces Senate Vow of Filibuster

### Compromise Urged Cambodia Debate

WASHINGTON, May 31 (UPI).—Nixon's 40 senators are preparing to filibuster on a proposal to send U.S. troops to Cambodia until U.S. troops are pulled out, Sen. Robert F. Kennedy said today.

Dole said that he hoped a compromise could be reached, fully this week, next week, or work out some kind of modification," he said.

Wise, Sen. Dole said, "there probably 30 or 40 of us who are willing to talk at length, at least until the troops are removed from Cambodia."

Cooper-Church amendment, which would allow U.S. troops to remain in Cambodia after they face their first major test when the Senate will vote on a proposal put forward by Dole.

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## Francisco, 77, Holds Rigid Attention Long Parade

FRIDAY, May 31 (Reuters).—Francisco Franco, who is his 77th birthday next week, stood rigidly at attention for 80 minutes today as he saluted at a military parade to mark the 31st anniversary of his victory in the Spanish civil war.

He watched 15,000 troops march in his saluting box at the entrance to the Castellana Avenue, U.S.-built jet fighters and other aircraft.

Francisco Franco, 77, is the only man in the world who has ruled a country for more than 20 years.

## Iran-Schreiber Sters By Election

NEW YORK, May 31 (Reuters).—Jean-Jacques Schreiber, secretary-general of the French Socialist party, said today that he stood for re-election in a bid to win the party's leadership.

Schreiber, a prominent figure among the French Communist left, is a former editor of the weekly magazine, "L'Humanite."

## SA Pilots Effect Report Slowdown

NEW YORK, May 31 (Reuters).—Reports from London's Heath Airport were cancelled and a varying between 30 minutes and four hours on other flights, the start of a work-to-slowdown by 1,400 British Airways pilots at midnight.

A British Airline Pilots' Association called the slowdown in activity pay talks.

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PEACE AND PROTEST—A dove, an olive branch and the clenched fist of Black Power adorned these academic gowns at University of Massachusetts commencement ceremonies Saturday at Amherst. Other universities are forgoing the cap and gown garb altogether as a symbol of protest of U.S. foreign and domestic policy.

## War Dissent Alters Nature Of U.S. Graduation Exercises

By George Lardner Jr.  
WASHINGTON, May 31 (UPI).—The Sunday night after U.S. troops poured into Cambodia, six troubled Yale students wandered off campus for a snack at a Hove Street pizza house in New Haven.

No one seems to recall who came up with the idea first, but the six, all but one of them seniors, quickly agreed that it would be a fine way to protest if they could pull it off.

Now, just three weeks later, at graduation exercises across the country, thousands of college students are planning to forgo the traditional caps and gowns in a widespread dissent to the war.

## Prague Changing Boy Scouts Into Youth Pioneers

PRAGUE, May 31 (AP).—The Boy Scouts of Czechoslovakia are being told this weekend to be prepared for liquidation.

Officials said Friday scout groups have until Sept. 15 to join the Soviet-style Young Pioneers, after which the scouts will cease to exist as a legal organization.

Vocerni Praha, official newspaper for the Prague Communist party unit, said scout groups will be required to adopt the name of the Pioneers and to switch their "ideological training" from the traditions of scouting to "traditions of the revolutionary movement."

## Mollenhoff Quits Nixon Staff To Resume His News Career

By Carroll Kilpatrick  
SAN CLEMENTE, Calif., May 31 (UPI).—Clark R. Mollenhoff, 49, the controversial presidential trouble-shooter, has resigned from the White House staff, effective July 15, to return to newspaper work.

The surprise announcement was made yesterday with the release of his letter of resignation and the President's letter accepting it "with regret."

Mr. Mollenhoff, who worked for the Des Moines Register and Tribune 28 years before joining the White House staff last August, will become chief of the paper's Washington bureau, succeeding Richard L. Wilson, who is retiring.

Mr. Wilson, it is understood, will continue to write his column but will no longer edit the Register and Tribune's Washington bureau.

Mr. Mollenhoff had the title of special counsel to the President. His province was investigating wrongdoing or questionable ethical conduct of administration officials and bringing it to the President's attention before there was a public scandal.

## Soviet Union Tests Rocket To Dig Pipelines and Wells

MOSCOW, May 31 (AP).—The Soviet Union is testing an "underground rocket" as a revolutionary device for digging gas pipelines and deep wells, the newspaper Trud disclosed today.

The device is a jet gas drill that builds up a pressure of 1,000 to 2,000 atmospheres, the Soviet Trade Union Council publication reported.

"The gas, released at such a pressure from the nose part of the rocket, is capable of crushing any rock. At the same time it thrusts the rocket forward, creating a medium-atmosphere in which the rocket moves and ejects the rock upward," Trud said.

The rocket tunneled 10 meters in a 10-second test, Trud reported. Further refinements are being prepared for additional tests. Trud said a crew of workers using such a rocket can sink a 12-mile tunnel in a month.

The rocket was designed to solve the problem of building thousands of miles of large diameter gas pipelines to bring Siberian gas to western Russia.

## A Plane Kills 5 Shoppers In Atlanta Car

### Crash-Landing Also Fatal to Passenger

By Bruce Galphin  
ATLANTA, May 31 (UPI).—A privately leased airplane, limping toward an emergency landing minutes after takeoff here yesterday morning, bounced onto a freeway, killing all five persons in an automobile, and then skidded onto a busy highway, killing one of its 34 occupants.

Through the left wing and engine were torn off, and bits of the tail lay strewn along Interstate 85 and its high, grassy embankment, the two-engine Martin-404 propeller craft did not catch fire. The plane had taken off from an Atlanta airport for Fort Myers, Fla.

## U.S. Aid to Flooded Romania Surpasses Soviet Assistance

VIENNA, May 31 (UPI).—The United States has sent nearly three times as much flood aid to Romania as the Soviet Union, according to official figures released yesterday.

Shipments from the two nations were believed to be only the first installments of emergency aid for Romania, where an estimated 300 persons have died and millions of acres of farmland have been flooded.

The initial figures reflected the Soviet Union's conspicuous foot-dragging on aid for its independent-minded ally, political observers said.

Agerpres, the Romanian news agency, reported Friday that a U.S. Boeing-707 landed at Bucharest Thursday carrying \$140,000 worth of beds, boots, blankets and medicine.

## Eire's Blaney Warns British To Quit North

DUBLIN, May 31 (UPI).—A blunt warning to Britain to get out of Northern Ireland threatened today to deepen the Irish Republic's political crisis, which has virtually shattered the ruling Fianna Fail party.

Nell T. Blaney, sacked from his post as minister of agriculture and accused of conspiring to smuggle guns into the North, issued the warning early today at a triumphal rally in his former border constituency of Donegal.

Mr. Blaney, 45, a veteran political fighter, was released on bail Thursday with ex-Finance Minister Charles J. Haughey by a Dublin court after being charged with conspiring to smuggle guns into the republic illegally. Three other men were charged with similar offenses.

## Yugoslavs Build Dikes

BELGRADE, May 31 (UPI).—Yugoslav Army units and civilians frantically continued to build dikes on the swollen Tisa River to prevent further flooding in the northeastern Yugoslav province of Vojvodina.

An army unit began building a dike yesterday.

## Humphrey Race For Senate to Start June 27

WASHINGTON, May 31 (UPI).—Former Vice-President Hubert H. Humphrey will make a formal announcement of his candidacy for the United States Senate in June.

A source close to Mr. Humphrey said that the announcement will come before the convention of the Democratic-Farmer-Labor party in his home state of Minnesota on June 27.

Mr. Humphrey's desire to return to the Senate has been no secret, especially after Democratic Sen. Eugene McCarthy, whose third term expires this year, said that he would not run for re-election.

## France Detonates 3d Test in Pacific

PARIS, May 31 (Reuters).—France yesterday set off the third explosion of its current nuclear test series in the Pacific designed to improve the trigger device for future French thermonuclear bombs.

The Defense Ministry announced that the blast—over the Fangatapa atoll in France's Polynesian proving range—was of "high power," but gave no further details.

Today's explosion—France's 17th in the Pacific—followed the detonation of experimental devices on May 15 and May 23 over the Mururoa atoll.

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## The Spanish Bases

The American ambassador to Spain, Robert C. Hill, has just unveiled a monument to the first admiral of the United States Navy, David Glasgow Farragut, in Minorca. It is, of course, a recognition of the Minorcan ancestry of the victor of New Orleans and Mobile Bay. But it is also a reminder of a day when naval bases were more a matter of simple real estate deals than high strategy. For Minorca was the headquarters of the American Mediterranean Squadron in the age of sail; sleek black frigates and ponderous ships of the line anchored in Port Mahon's narrow harbor in long intervals between showing the Stars and Stripes in the ports of the middle sea.

Secretary of State Rogers may muse a bit unhappily on the contrast between that simpler time, when drunken tars on rare shore leave constituted the principal diplomatic problems of Port Mahon, and today. For he has left a Spain utterly disgruntled (albeit for diverse reasons) over the status of American bases in Spain, to return to a homeland which has never been enthusiastic about them, and is more than ever disposed to view foreign outposts with skepticism. And at the same time the options for the Sixth Fleet, and for the air squadrons which complement it, are dwindling, while the only other power in the world which might challenge the American force, the Soviet Union, is moving steadily out beyond the Dardanelles.

While the North Atlantic Alliance stands, the Sixth Fleet will never be homeless. But Arab nationalism to the south and NATO discords to the north have given a particular

importance to Spain. That country, so far as the present government is concerned, wants guarantees—assurances of protection should the presence of American ships and planes draw hostility. This is fair enough, but what assurances can Spain give that there will not be another Libyan revolt, or, worse, another civil war, to cause the abandonment of expensive installations or involvement in prolonged domestic strife?

The most critical aspect of the Mediterranean situation is, naturally, the Israeli-Arab war. A settlement of that struggle would permit the other issues arising along that troubled sea to be approached with less urgency, less martial heat. It is reasonably clear, however, that the Sixth Fleet can no longer be regarded as the policeman of the Mediterranean, to deal with domestic brawls. As for the major strategic problems, including Soviet penetration and the restoration of peace to the Middle East, these are more important to Europe than to the United States. At present, the reduction of the pace of the arms race in the Middle East may depend primarily upon agreement between the Soviet Union and America; the cool detachment of countries whose lifeblood comes through the pipelines and tankers of the Mediterranean littoral must, however, give away to a more pressing concern for their own security and their own vital interests. This is a European matter in the first instance, and a strong and prosperous Continent should be more helpful than in the past in dealing with such issues as the Spanish bases and the role of the Sixth Fleet.

## Overtake in Ceylon

Ceylon's prime minister, Dudley Senanayake, went into last week's general election confident that his United National Party would emerge triumphant. His confidence was based on the knowledge that during the past five years he had led his country in a period of peace, economic advance and relative harmony among the varied religious and racial groups that make up Ceylon's population. However, many observers anticipated a close race; and on that prediction there was much talk before the election of a "grand coalition" between the United National Party and its chief opposition group, Mrs. Sirimavo Bandaranaike's Sri Lanka Freedom Party.

The astonishing result was a totally unexpected tidal wave of anti-government votes that gave Mrs. Bandaranaike and her leftist allies more than two-thirds of the parliamentary seats, while Mr. Senanayake's party won only about 10 percent of the contested places. This outcome represents as staggering a repudiation as any political party in any democratic country has suffered in recent years.

Since the politicians and other observers on the scene had so little inkling of this result, it behooves distant commentators to be cautious in explaining the outcome. But

at least three factors were involved. One was urban resentment at Mr. Senanayake's action in cutting the weekly subsidized rice ration from four to two pounds. The prime minister's motive for that move was to protect the market price of rice. But the number of farmers grateful for that protection was apparently far smaller than the number of beneficiaries of the subsidized food price who were outraged by what amounted to a forced increase in their cost of living. Apparently the opposition also won most of the youthful voters enfranchised by the decision to lower the voting age to eighteen, a result that may influence the thinking of politicians in many lands.

Beyond that, Mrs. Bandaranaike skillfully exploited popular resentment of Ceylon's existing bureaucratic system. She promised to institute "people's committees" that would pave the way to "participatory democracy." Now that she has won, she has the difficult task of implementing her promises, and meeting the high expectations her campaign apparently aroused among the great majority of the voters. That task will be made harder by Mrs. Bandaranaike's vigorous campaign attacks on the World Bank, an institution whose help Ceylon badly needs.

THE NEW YORK TIMES.

### International Opinion

#### 'Bitter Homecoming'

With Alexander Dubcek's return to Prague from his ambassador's post in Ankara, ostensibly to visit his sick mother but also to face expulsion from the Czech Communist party, the dismal end of the road looms for the fallen reformist leader.

Dubcek's children were never allowed to join their parents in Turkey, and his wife recently returned home to join them. Yet, in going back to Prague himself to face his accusers, Dubcek is probably trying to protect his Communist honor even more than his family's hostages.

Despite the hideous Stalinist masks that the present leaders of his country have donned, Dubcek still seems to believe in his famous dream of "Communism with a human face."

We salute his courage even if we almost pity him for his faith.

—From the Sunday Telegraph (London).

#### U.S. Recession

The economic message which President Nixon is going to give to the nation sometime soon will have to be of exceptional content to counterbalance the feelings provoked by the entry of American forces into Cambodia and the skepticism currently expressed as to his control of the economic situation. At the moment, it is healthy enough for one only to expect that the U.S. spending will decrease, that a certain number of insuf-

ficiently financed projects will show down and, consequently, that the money rate will ease somewhat. In these circumstances, the 1969-70 recession would not be too high a price to pay for the U.S. economy. But this change of direction will no doubt be slow.

—From Le Figaro (Paris).

#### Ceylon Lurches Left

Ceylon has opted by a landslide majority for what, on the face of it, looks like a big lurch to the left. Mr. Dudley Senanayake's United People's Party has been astonishingly routed. However, the very scale of Mrs. Bandaranaike's victory may, in effect, have a moderating influence on her policies—or such must be the hope.

Much of Mrs. Bandaranaike's program, or at least the one on which her coalition campaigned, is mere left-wing froth of no great significance. Of greater danger are her nationalization proposals and the attitude her government will adopt to foreign investment. Her declaration that the World Bank is an agent of American imperialism is depressingly symptomatic when what Ceylon needs more than anything is the kind of large-scale irrigation projects which the bank is proposing to finance. Restrictions on remission of earnings by foreigners in Ceylon and nationalization of imports and exports, again, are measures which, ineptly applied, could quickly bring economic disaster.

—From the Daily Telegraph (London).

### In the International Edition

#### Seventy-Five Years Ago

June 1, 1895

**LUBECK, Ger.**—The laying of the foundation stone at Lubeck of the canal which is to connect the Elbe with the Trave, and thus to establish a new communication between the North Sea and the Baltic took place today amid much public rejoicing. The burgomaster, alluding to the Stecknitz-Trave Canal, pointed out that it was the oldest in Europe, having been constructed 500 years ago. A banquet took place and the city was lavishly decorated and brilliantly illuminated.

#### Fifty Years Ago

June 1, 1920

**ATLANTIC CITY, N.J.**—Several arrests were made here today by policewomen, expressly commissioned to safeguard the morals of the resort. The offenders in each case were very abbreviated silk, one-piece bathing-suits, of which the skirts stopped four inches above the knees. One beautiful prisoner, not content with bare legs, had placed a "beauty window" in her bodice. The policewomen were all middle aged and attired in blue serge uniforms. They were constantly on the alert.



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### Amherst, Mass.: Memorial Day—1970

## 'We Don't Know Where They Are'

By James Reston

AMHERST, Mass.—Memorial Day seems to have a little more meaning here in the little New England village with their gleaming white spires and air of peace and learning, but even here the paradox of human suffering is unavoidable.

For while men pray for peace, the fact is that nobody has even the vaguest idea even in the university communities of how many lives are now being lost in the wars, rebellions, insurrections, and other violent conflicts of the human race.

Even in those parts of the world where men profess to believe that every human life is precious if not immortal, there are no reliable estimates. Most nations do not even count their dead. The United Nations cannot make even the wildest guess at the carnage, and few intelligent people are informed about the number of wars and other uprisings now taking place within or between the nations.

"At a conservative estimate," says Geoffrey Kemp of the arms control project at MIT, "about one quarter of the sovereign states on planet earth were engaged in inter- or intra-state conflict involving the use of regular armed forces as late as the 1970s began."

"Add to this impressive figure those states that have used military power either to enforce or to protect their interests over the past decade and those that are preparing for highly probable conflict in the near future, and the total number of countries rises to over 70 or more than half the sovereign states on planet earth."

Kemp guesses that as many as 700,000 people have been killed in the internal wars of China in the last decade, 500,000 in the Indonesian massacres and 250,000 in the Nigeria-Biafra civil war.

The official U.S. figures on the

Vietnam war are even worse—42,265 Americans killed, 107,579 South Vietnamese, and 648,209 enemy troops. There are no figures on the civilian dead.

#### With Indifference

The surprising thing about these appalling tragedies is not that there are so many anti-war demonstrations, but that such human slaughter is accepted with such indifference.

The Pentagon is still talking about the "kill-ratio" in Vietnam and the "body count" of the enemy. And even articles like this on the war casualties are now widely regarded as unfair propaganda against the Nixon administration.

What are we to make of all this amid all the prayers for peace? It is fairly clear that the alarming spread of wars all over the world today is not part of the conscious thought of most human beings. Nor is it widely realized that most of these conflicts are taking place in the new and poor nations with military arms sold to them by the advanced industrial nations.

Also, there seems to be no connection between the facts of human tragedy and comprehension of the facts. Even when the figures are fairly reliable, the greater the death toll, it seems, the smaller the understanding of what is happening.

The usual thing to say about this sort of thing is that even thoughtful and compassionate people put out of their minds even the most monstrous human tragedies when they feel helpless to do anything about them. But this cannot be the whole explanation of so much tolerance of so much pointless killing.

With the decline of religious

faith, there has already come a decline in the belief in the sanctity of human life. Without this essentially religious view that each human being is a unique and precious symbol of some kind of divine order, it is easier to regard the universe as merely a great machine, pointlessly grinding its way toward ultimate stagnation and death.

The young war protesters may not be any more religious than their fathers, but they were protesting here at the commencement of the University of Massachusetts, primarily because they wanted to make clear the difference between the ideal of American life and the actual realities.

In any event, we are not likely to get control of the arms trade and war so long as this monstrous waste of human life is tolerated. We cannot even decorate the graves of the dead this Memorial Day, for we don't even know where most of them are.

The Russians never want to

## The Arrogance of Ignorance

By C. L. Sulzberger

PARIS.—Just one month ago the President announced that American ground forces had been ordered into Cambodia. At that time I wrote: "If Nixon can swiftly smash the sanctuaries outside Vietnam without dangerous escalation or confrontations elsewhere, he will ultimately emerge triumphant at home as well as overseas. Nothing succeeds like success but, if it fails, nothing fails like failure."

It is too soon to assay this move but, half-way to the June 30 terminal date, it seems that from an American standpoint the move was the President's decision was sound, but from an international American viewpoint unsound. Hanoi aims its most crucial thrust at American public opinion rather than territorial South Vietnam. Nixon's unilateral problem therefore has been at home, not abroad.

Outside the United States there is little fevered contention that Cambodia was an Asiatic Belgium whose independence was violated by Uncle Sam. Even the French, who had ruled Cambodia for 90 years, remember that 40,000 Communist Vietnamese were based in Cambodian safe havens. Public opinion has exonerated the American move in time with fundamental disapproval of the entire war but President Georges Pompidou hasn't followed his ministers to go overboard publicly.

China has shown circumspection. Chou En-lai said his people would be "modest and prudent and guard against arrogance." Prince Souphanouvong, head of the pro-Communist Laotians, paid tribute to China's "disinterested" support, "both morally and materially."

Likewise, Moscow has decided to adopt a wait-and-see attitude.

Premier Alexei Kosygin reportedly listened sympathetically to Prince Sihanouk's complaints but advised him to do nothing until the Indochina war is over.

K.S. Karol wrote in the British New Statesman on May 22: "The Russians obviously saw the Cambodian coup as something irreversible, like the military push in Indonesia five years ago." One might append to these comments that of The London Economist's "Foreign Report."

Although men like Senator Fulbright and Sen. Kennedy have predictably denounced the Cambodian operation as a folly and a failure, the Russian leaders seem to take a different view. They fear that the operations will be all too successful (from the Americans' standpoint) and be a turning-point in the Indochina war.

The Russians never want to

back a loser; and they are deeply afraid that in both Vietnam and Cambodia the Viet Cong—and by extension Prince Sihanouk, who is now totally committed to the Communist side—are going to prove the losers. Militarily, the Russians attach the greatest importance to the Cambodian sanctuaries.

#### Hanoi Stymied

There is obviously no doubt that the attack against the Vietnamese Communist sanctuaries in Cambodia ruins Hanoi's plan for an imminent military initiative. But W. F. K. Thompson, military correspondent of The Daily Telegraph of London, writes:

"The American and South Vietnamese operations in Cambodia have certainly achieved their primary aim to destroy the Communist ability to open a general autumn offensive against Saigon and the Mekong delta."

These are cold, factual analyses. Of course, they have nothing to do with the main "type" as defined by Hanoi's strategy—U.S. public and political opinion. The area, clearly misjudged by the President and Henry Kissinger White House staff, produces enormous uproar.

Nevertheless, one must question the basis of the alleged objection. There is a manifest tendency to decri any thing advocated in Saigon as evil and to imply goodness to anything advocated in Hanoi. President Thieu of South Vietnam is lambasted as who nondemocratic in his refusal to acknowledge the fact that the has never been a democratic government in all East Asia since dawn of time—least of all in E. Asia.

Many pontificators on these issues have taken little trouble to check their opinions against facts, much less to think dispassionately. The general level of debate has often been more marked by fevered vituperation than by cool intellectuality or ex-hude.

Clearly "Indochina" has or is to symbolize some cabalistic cat all which transcends anything involved in the horrid war and which was unhappily minimized by Nixon's personal staff. Inter U.S. opposition includes the obsessed with questions only tentatively related to Vietnam, going from road to pollution in logic progression.

One cannot forget that the ripples cautioned: "Whom the god would destroy, they first must mad." The essence of the American problem, on which the counts so heavily, is this voice U.S. opinion, swayed by emot Much of this emotion is fed by arrogance founded on ignorance.

## 'Cool Hand' Moshe

By Joseph Kraft

In his May 8 press conference, and from Secretary of State William P. Rogers during the Rome NATO meeting—that Washington would take very seriously any deepening of Soviet military action in Egypt. Thus the net effect of Washington's action, like that of Jerusalem, was to put the next step up to Russia.

Now matters hang in the balance. It may be that the Russians will take the plunge and engage the Israeli planes in combat. In that case there will be a serious clash and everybody will have to reconsider their positions. But the best guess is that the Russians will also play it cool—that they will let matters hang in the balance for weeks and maybe months to come.

#### Clear Opportunity

If that is the case, then there are two actions that should be taken to ease the danger. First, there is a need to keep Israel supplied with aircraft. If "Cool Hand" Moshe is to keep playing at the Pharaohs and Sisyphuses, Israel has had on request from the United States for months now.

Secondly, there will have to be some more give on the Israeli diplomatic position—perhaps a discreet acceptance of the principle enunciated by Secretary of State Rogers, that the United States will withdraw from most of the lands

occupied in the six-day war return for a negotiated peace settlement.

Such a move is particularly important for the Arab counter: President Gamal Abdel Nasser and the more moderate lead especially, should at least have clear opportunity to go for a peace settlement. So should the Russians. Moreover, by a gesture of flexibility, Jerusalem or begin to woo back the good opinion of the many persons in Western democracies who have been turned off by Israeli intransigence.

Finally, and perhaps most important, there is the matter of opinion in Israel. The rigid positions taken by the government of Prime Minister Golda Meir not going down well with younger people. The frenetic nationalism of the elders is being displaced by another element of the Jewish tradition—the sense of moral behavior. Many of the young are far from wanting to die for a taken from the Arabs in the war, feel a more serious effort must be made to meet grievances.

If this country is to survive it is to maintain its dynamism progress, attention must be to that feeling. The vital is that the Jews, who have a religion of justice in so many respects, should not be here in Israel.

### Letters

#### 'Asianization'

Don't you think that the progressive pullout of U.S. troops from Vietnam has to be accompanied by an increased diplomatic activity for the conclusion of a pact of mutual assistance between the peoples of Southeast Asia, Thailand, Burma and possibly Malaysia? It seems that under present circumstances in Cambodia and Laos, such a treaty is more feasible today than it was a few months ago. I think it is time to stop speaking of "Vietnamization" of the war in this area and start speaking of an "Asianization" of the defense of Southeast Asia.

Indeed, without referring to the old-fashioned "domino theory," all these countries are subject to the threat of their powerful aggressive neighbor and their interest is common in preserving their national independence and sovereignty and reducing at the same time, as much as possible, foreign intervention from whatever side. A strictly regional treaty like the one proposed would have had better chances of success in actual practice than the Southeast Asia Treaty Organization has had.

DR. N. M. POULANTZAS  
Utrecht, the Netherlands.

#### One Day's Dialogue

The selection of letters in the May 21 IET left me breathless. Not only are we engaged in a dialogue of the deaf, but of the blind also.

Stephen Maderick asks why America should inundate itself with tears shed over the four Kent State students shot down recently. He says they were screaming abuse and throwing bottles at the police. No one who was there says so. According to the issue of Time magazine that dealt with the incident, these students had deliberately refrained from violent activity and had had no record of it. A dialogue of the insane too, if Stephen Maderick cannot tell the difference between bottles and M-1 rifle bullets.

As for Margaret Marshall's letter to the effect that "freedom of speech and the written word is being carried to excess," other readers will know where they have seen that kind of dangerous nonsense before.

A brief, breathless word for R. Ziegenhals of Haifa, too. I certainly know what my Israeli friends did the day the Russians invaded Czechoslovakia (some of them had already been bound over to keep the peace following demonstrations against U.S. policy in Vietnam). They rang me up and asked me if I was coming to demonstrate outside the Russian Embassy in London. Unfortunately, I was flying to Haifa at the appointed hour. So, to Mr. Ziegenhals and Mr. Bauer, yes, there are people in the world who know how to identify oppression wherever they see it; unfortunately, they were thinly represented in the correspondence columns of the May 27 issue.

RUPERT SWYER

Paris.

#### Not for Free Speech

From his letter published in the May 15 edition of your newspaper, it is obvious that Mr. Philip Picuri has entirely missed the point: The one thing which the people he terms "left-wing long-haired radicals" are not exponents of is free speech.

ANDREW N. COOPER  
Geneva.

#### Saigon Export

Now that the South Vietnamese have had a taste of "Vietnamization," is there not a danger they might want to try it out on their traditional enemy, the Cambodians? With a strong assist (no more of this waffling about) from their American "liberators," maybe they could swing it. And they might even justify the take-over by promising to pull out when "Cambodianization" has been successfully implemented.

NANCY MILLER  
Paris.

The international Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers must request that their letters be signed only with initials, the preference will be given to those fully signed and bearing the writer's complete address.



## John Gunther Is Dead at 68; Best-Selling 'Inside' Author

By Alvin Krebs

NEW YORK, May 31 (UPI)—John Gunther, author of the best-selling "Inside" books, died at 68 on Friday after a short illness.



John Gunther

## Ex-Sen. Johnson, Former Governor, Dies in Denver

DENVER, May 31 (UPI)—Former Sen. Edwin C. (Big Ed) Johnson, 85, a Democrat whose views often were isolationist, died here today.

Mr. Johnson, who served two terms as governor of Colorado before his election to the Senate and term after retiring, died in the quiet where he had undergone hernia operation May 7.

He was one of two Democrats who voted in 1949 against Senate ratification of the North Atlantic Treaty, which set up NATO.

Mr. Johnson, who lived in a small home here since 1954, made a historic recording for Edison, entering of the phonograph in 1917 when she was Miss Harriet Hadden.

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Terry Sawchuk

## Sawchuk Dies, Called Best Hockey Goalie

Injury, 3 Operations Precede Death at 40

NEW YORK, May 31 (AP)—Terry Sawchuk, 40, considered by many the greatest hockey goalie of all time, died this morning of cardiac arrest following extensive abdominal surgery.

Mr. Sawchuk, who played last season with the New York Rangers of the National Hockey League as a reserve goalie, was hospitalized at Long Beach, N.Y., Memorial Hospital on April 29 when he suffered an abdominal injury. Police said that he had been "horseplay" with teammate Ron Stewart on the lawn of their rented house in Long Beach.

Mr. Sawchuk underwent surgery to remove his gall bladder and a second operation for complications. He was transferred to New York Hospital yesterday and underwent a third operation for further complications early this morning.

The 21-year NHL veteran, who is this league's all-time shutout leader with 102, played in only eight regular season games last season, starting six. He allowed 30 goals and had one shutout.

He started one playoff game against Boston and played about 45 seconds in another, his final appearance.

Mr. Sawchuk was a four-time winner of the Vezina Trophy, which goes each season to the goalie who allows the fewest goals. He made the all-star team seven times.

He was NHL rookie of the year in 1950-51 with the Detroit Red Wings, with whom he played most of his 14-season career. He also played on the Boston Bruins.

Toronto drafted him in 1954 and he played three years with the Maple Leafs and with Los Angeles in the NHL's first expansion draft in 1967.

The idea for "Inside Europe" originated with Cass Canfield, senior editor of Harper & Row (now Harper & Row) in 1951.

"Inside Europe" was an overnight success. Published in a dozen languages, it sold a million copies.

Most of the other "Inside" books were also enormously popular, and all were Book-of-the-Month Club offerings.

Although the "Inside" books dominated his writing career, he wrote many other volumes and hundreds of magazine articles, and edited Doubleday's ambitious "Mainstream of American History" series.

"Roosevelt in Retrospect" (Mr. Gunther's personal favorite of his books), "The Riddle of MacArthur" and "Taken at the Flood," a biography of Albert LeMay, were successful although quickly written "with my left hand" as the author put it. Among his other books were "Alexander the Great," "Julius Caesar" and "The Golden Fleece."

Italy Saves Daylight

ROME, May 31 (AP)—For the fifth year in a row, Italy today changed to summertime daylight saving, moving the clock one hour ahead at midnight.

Until Sept. 27, when it will shift back to Central European time, Italy's time will be two hours ahead of Greenwich mean time.

LA CALAVADOS

JOE TURNER - LOS LATINOS

PARIS AMUSEMENTS

WORLD FAMOUS

LIDO

Grand Prix

MINIMUM PER PERSON

## Pompidou Calls Violence Peril To the Quality of French Life

By Eric Pace

PARIS, May 31 (NYT)—President Pompidou said yesterday that the quality of French life is threatened by violence that is spreading everywhere, by perversion and by drugs.

Mr. Pompidou made his strong statement after it was made known here that someone had tried to burn down the country house of a magistrate who had interrogated Maoist dissenters.

The president spoke at French Mother's Day ceremonies in the Elysee Palace.

"The state must oppose this climate of violence and drugs," he said. "This is a policy which will be continued."

With these words, the president stressed his support for his interior minister's efforts to crush Maoist dissent.

2 Days of Riots

Maoist youths staged two days of riots in Paris last week, leaving scores of policemen wounded as well as scores of rioters and causing extensive property damage.

The fire was set in a house occupied by an examining magistrate, Michel Leloir, who had in the past handled cases involving ultra-leftist dissenters. Several gallons of gasoline had been spilled outside the door of the magistrate's home in Fontenay-aux-Roses, just outside Paris. He, his wife and three daughters suffered burns in the fire, which also damaged his house.

Expressing the anxiety that prevails in many French quarters today, the judge said flatly that he thought the unknown assailant or assailants had meant to burn him alive. There was no direct evidence that Maoists were involved.

Pursuing its "get tough" policy, the government proceeded with the prosecution of two dozen of the more than 900 persons who were picked up during the disorders.

Geismar Handed

The Interior Ministry pushed on meanwhile with its search for Alain Geismar, the head of the Proletarian Left, the Maoist group whose banning last week touched off the riots.

A warrant for Mr. Geismar's arrest was issued in Paris last night charging him with provoking violence against the police.

French border police were alerted to be on the lookout for Mr. Geismar, 33, who works as an instructor of physics at Paris University's School of Science.

The student left is splintered into more than a dozen factions that differ along various lines, notably on the issue of the Arab-Israeli struggle. The more militant

leftists generally favor the Arabs, since they consider Israel a tool of the capitalist West.

United Press International reported that police searched its Paris office last night after an anonymous caller telephoned a bomb threat.

"This is revolutionary bureau number six. We have put a bomb in the building, and it is going to explode," the unidentified caller told a French employee of UPI.

Argentine Cabinet Studies Kidnapping of Ex-President

BUENOS AIRES, May 31 (Reuters)—The Argentine cabinet today considered a demand for the release of political prisoners believed to have come from an extreme rightist group which claims to be holding former President Pedro Eugenio Aramburu.

The 65-year-old retired lieutenant general was abducted from his Buenos Aires home Friday by men dressed as army officers.

Various groups have since claimed responsibility for the kidnapping. Former navy captain Aldo Marchesi, federal police chief during the 30-month rule of Gen. Aramburu from 1955 to 1958, said last night that the government had been given 48 hours to meet the kidnappers' demands.

He told reporters the demands were made in a letter found on the altar of the Church of St. Ignace Loyola, two blocks from where the cabinet was meeting today in the government palace of President Juan Carlos Onganía.

Government spokesman Col. Luis Martinez Zuviria, head of the political police, said all available information on the case would go before the cabinet.

Silent on Letter

But he said nothing about the letter. Capt. Molinari alleges the government received, in the prisoners to be exchanged for Mr. Aramburu. Gen. Molinari did not disclose the names, but said he believed the letter to be authentic.

Gen. Molinari said the political prisoners included some captured by troops at a guerrilla camp near the town of Tuo Ralo, in northern Tucuman Province, last year.

Unconfirmed reports said the letter was signed by a right-extremist group calling itself the "Tacuara Military Command."

Meanwhile, thousands of police



Pedro Eugenio Aramburu

## Pope Announces 10% Increase In Pay for Vatican Employees

VATICAN CITY, May 31 (UPI)—Pope Paul VI announced yesterday a 10 percent pay increase for Vatican employees. Today, the Vatican said that about 3,100 employees and 900 pensioners, but not cardinals, would benefit from the increase.

It denied reports that 7,000 persons were covered by the pay increase, the second granted by the Pope in 17 months.

It also denied that the raises applied to cardinals, who, it said, now receive \$1,058 a month. It also denied that cardinals were given free cars, chauffeurs or other fringe benefits.

The Vatican issued the statement, it said, to clear up misunderstandings following the announcement of the increase. Vatican officials said that the raises were financed by the sale of real estate and stocks valued at more than \$1 million.

The Pope also ordered the increases pegged to the Italian cost of living and created a labor ministry to deal with employees' grievances.

The statement said that a little more than 4,000 persons benefited from the pay and pension increases, including about 2,300 lay workers in the 108.7-acre city-state.

The Pope did not benefit from the pay raise, since he has no fixed salary.

The announcement yesterday by Jean Cardinal Villot, the Vatican secretary of state, followed a special audience granted by the Pope for employees who wanted to congratulate him on the 50th anniversary of his ordination to the priesthood.

The 72-year-old pontiff also granted \$150 bonuses to employees to mark his anniversary.

The increases were the third given workers in 11 years. Pope John XXIII raised salaries up to 100 percent—for those in the lowest income brackets—in 1959 and Pope Paul granted raises of six percent 17 months ago for everyone but cardinals and ranking civil servants in Vatican departments.

Printers Go on Strike

ROME, May 31 (NYT)—Newspaper printers and news agency teletype operators walked off their jobs yesterday, backing out the daily press for the second time in two weeks. The stoppage, following a four-day newspaper strike, from May 18 to May 22, is scheduled to end tomorrow. However, the printers' unions threatened further strikes later next week.

The new conflict in the newspaper industry was caused by a breakdown in contract talks after government mediation ended the earlier strike.

De Gaulle Said Planning June Visit to Spain

PARIS, May 31 (Reuters)—Gen. Charles de Gaulle plans to take a brief holiday in Spain during June, usually reliable sources said here.

[Europa Press news agency reported in Madrid that the De Gaulles will stay from June 4 at Cambrados national inn, ten miles from Pontevedra, in Galicia, northwestern Spain, the AP reported.]

The general has remained in seclusion at his country home in eastern France for most of the time since he stepped down from the French presidency on April 28, 1969.

He has made only one trip abroad since that time, for a holiday in Ireland last June.

The general's aides declined to confirm or deny his reported holiday plans, but reliable sources said he apparently intended to be out of France once again on the symbolic date of June 18 anniversary of his historic 1949 appeal from London for continued French resistance in World War II.

Rome-Paris Derailment

BUSSOLENO, Italy, May 31 (AP)—The Rome-Paris express train derailed near this north Italian town yesterday, injuring four passengers and a railwayman. Authorities said the derailment probably resulted from a switching mistake. The locomotive and two cars ran off the tracks and landed down an embankment.

Quake Hits Lima; Richter Scale 7.5

LIMA, Peru, May 31 (UPI)—A strong earthquake struck Lima this afternoon with a series of tremors that lasted almost two minutes, causing damage to several large downtown office buildings. Police could not immediately assess the number of casualties.

In Washington, the National Earthquake Information Center said a preliminary reading showed the quake's magnitude as 7.5 on the Richter scale.

Erasmus Prize Won By West German

ROTTERDAM, May 31 (AP)—Prof. Hans Scharoun, 76, was awarded the 1970 Erasmus Prize here yesterday.

The \$28,000 prize was presented to the West German architect by Prince Bernhard of the Netherlands.

The Erasmus Prize is awarded annually to a European who distinguishes himself in a cultural, social or scientific field.

## Music in Italy—Two-Month Florence Festival Takes a New Lease on Life

By William Weaver

FLORENCE, May 31.—A triple bill Friday night and a double bill on Saturday have brought the Maggio Musicale, Florence's two-month-long festival, to the halfway point. The two rich programs also represent the high point of this thirty-third edition of the Maggio. Milhaud's "Trois Opéras Mineurs," Sanguet's "La Voyante" and the ballet "Relache," by Sade, Picabia, and René Clair, made up an exhilarating evening. Then another evening, with two masterpieces, both rarely performed: the Stravinsky-Gide "Perséphone" and Ravel and Colette's "L'Enfant et Les Sortilèges."

The amazing thing is that all of these works were first presented within about a decade, between 1925 and 1935—the peak of the "between world wars" period to which this year's festival is devoted. What a period that was! The Monte-Carlo opera was creating new works all the time (such as the Ravel); ballet companies were constantly discovering talent and putting it to work; and the tradition of private support of the arts had not died (the Sanguet piece was written for the Noailles private theater at Hyeres).

Roman Vlad, the new artistic director of the Maggio and of Florence's Teatro Comunale, must be congratulated. First of all, for having conceived this "thematic" festival, bringing back to the public's attention not just a scattered series of compositions, but reviving a whole period that especially the younger members of the audience may have only hazy notions about. In the interest of this presentation, he called on a group of excellent collaborators, beginning with René Clair himself, who supervised—and obviously inspired—Friday night's program, which was conducted by another protagonist of the period, Henri Sanguet himself. The sets and costumes of Jacques Dupont, brilliantly evocative of the world of Erte, added much to the success of the program. It was a special treat, also, to see René Clair's "Relache," made for the riotous first performance of "Relache," which afforded a brief, delightful glimpse of Picabia and, in place of bowler and with umbrella, the great Sade himself.

Through the choreography of Aurel Milloss attempted no philosophical reconstruction of the original, it was in the spirit of the time, and the solo dancers—Leda Lojodice and Flavio Bennati—performed with brio. The soprano Magda Olivero deserves special mention for her impressive performance in the Sanguet monologue.

Mr. "Perséphone" maestro Vlad called on one of Italy's leading painters, Corrado Cagli, who also has a long theatrical experience. He created a lovely, imaginative world, green and flowery for the first and last scenes, dark and mysterious for the underworld of Pluto. Here, Milloss's choreography was less happy, cluttered, and Claude Nollet's intoning of Gide's text was more suited to Phedre than to the youthful Persephone. Her presence, virtually immobile, on stage also detracted from the dancing.

Leda Lojodice sang the tenor part with style, and Georges Pretre's conducting was sensitive and seductive. Pretre also revealed all the magic of the Ravel score, where Jeanne Berbié was an excellent Enfant, and a group of singers (concealed from view) interpreted the roles, danced—not with special imagination—on the stage. Mady Mesple was especially delightful as the Fire, the Princess, and the Nightingale. The sets and costumes by Franco Laurenti had been created several years ago for the Teatro Massimo in Palermo; they have held up well.

It is pleasant to be able to report capacity audiences for both evenings; the Florence festival, this year, has taken a new lease on life, and the Florentines are aware of it.

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WEDNESDAY

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An ARTHUR P. JACOBS Production

BENEATH THE PLANET APES

MES FRANCISCUS-KIM HUNTER

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# Not Just Whistling 'Dixie'

## For George Wallace, 72 Begins Tuesday

By William Greider

MONTGOMERY, Ala. (UPI)—The people who know George Wallace best, the pollsters who have been scolding him in a decade of Alabama elections, have deep faith in the ability of his ego.

They expect him to continue his campaign for national political power regardless of whether he wins or loses in Tuesday's gubernatorial election.

At this point, either outcome would be a victory for the Wallace movement.

Wallace movement staff, gathered here, will keep out Wallace news items from the faithful for \$12 a copy.

The former governor will keep making speeches wherever a friendly audience will be a presence. He will be a presidential candidate again in 1972, they expect.

The only difference this time makes, said Robert Lee, the Democratic party chairman, "is whether George is around the country in a plane or a private plane."

Third-party candidates do a way of hanging around and their time in history, says that will be Mr. Wallace's future as well.

Even so, the Alabama campaign represents one of those trials that turn up American politics now and then, foretelling the direction of the nation in the years to come.

Wallace agrees. While he disclaimed any interest in the third-party presidential campaign, the 51-year-old neophyte statesman has, nevertheless, styled this election a referendum on the future of the movement.

Alabama failed to elect him, but he will be a clear-cut national politician in the South has surrendered, it's no longer going to it. If he wins, however, Mr. Wallace promises to keep up pressure to soften federal enforcement of school desegregation, not to mention taking on other grievances such as high federal taxes and the war in Vietnam.

Different Next Time

Mr. Wallace does manage to mount another presidential campaign, it will almost certainly be different from his last. Nationally, he drew only 13 percent of the total vote, enough to hurt both major parties in key states.

But Mr. Wallace himself carried only five states in the 1968 election—Alabama, Mississippi, Louisiana, Georgia and South Carolina.

He has been plainly uncomfortable. There is still plenty of hostility toward Washington, but without Lyndon Johnson or Hubert Humphrey as the opposition, Mr. Wallace has not been able to select a credible villain.

President Nixon is too popular to attack, and Mr. Wallace's combative style goes long with a good target. With uncharacteristic meekness, he told a television audience the other night: "I would like to see Mr. Nixon become a highly successful President more than anything I can think of."

Republicans may also find satisfaction in Democratic Governor Brewer's strong performance as a candidate, even if he loses. Alabama's Republican party remains weak and divided, but Mr. Brewer's button-down style is the same sort of approach that has been offering in some other Southern states—youthful and handsome, moderately progressive in state affairs, low-key on racial issues.

World War II, became one of the best-known state legislators in the U.S.

He was leader of the California State Assembly from 1961 to 1968, when the Republicans gained a slim majority, leaving him as Democratic minority leader.

Public opinion polls give Mr. Unruh a wide lead over Mr. Xorty. Mr. Unruh says state problems must be pushed aside until the war in Indochina is ended.

In the contest for the Senate seat, the present Republican candidate, George Murphy, a former movie star who seeks reelection, opposes by industrialist Norton Simon, a noted art collector. Mr. Simon built up a company selling canned tomatoes, other processed foods and soft drinks into a billion-dollar corporation.

Three Democrats

On the Democratic side, there are three candidates for the Senate seat.

Two incumbent congressmen, Jonny Tunney and George Brown Jr., are in a race with a Los Angeles County councilman, Kenneth Hahn.

Mr. Tunney has two main claims to fame. He is the son of Gene Tunney, the former world heavyweight boxing champion. He is also a close associate of the Kennedy family. While at law school, he shared a room with Sen. Edward M. Kennedy, D. Mass.

His middle-of-the-road policies echo many of the late Sen. Robert F. Kennedy's views.

Mr. Brown, whose husband was assassinated in Jackson, Miss., in 1963, is the only Democratic challenger but it given the edge to win.

Mrs. Evers, whose husband was assassinated in Jackson, Miss., in 1963, is the only Democratic challenger but it given the edge to win.

Next November's contest between Mr. Evers and the Republican nominee will be fought in the district where President Nixon began his political career.

Mrs. Evers says she has the difficult task of winning in the predominantly white middle-class district, but adds: "I'm not in this race to hand out rednecks for Southern fried chicken."

Besides California and Alabama, primary elections will be held Tuesday in New Mexico, Iowa, Mississippi, Montana, New Jersey and South Dakota. New Jersey and New Mexico are high on the Republican priority list for winning Senate seats now held by Democrats. In Mississippi, Sen. John Stennis and all five House members are unopposed in the Democratic primary.

Senate Democratic leader Mike Mansfield seems sure to win renomination.

Mr. Wallace's future as well.

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South might also carry North and South Carolina, Tennessee and Florida—which perhaps would produce the electoral stalemate he needs to bargain nationally.

For many months after 1968, that threat seemed real enough (witness the initial urgency in Congress to reform the Electoral College system). The national public-opinion polls have consistently found that Mr. Wallace retains the support of 10 to 12 percent of the voters, only slightly less than his 1968 strength.

But the Alabama election, regardless of who wins on Tuesday, suggests a different message—that the Republican administration in Washington has made a successful job in defusing the Wallace challenge, at least for the present. That opinion became more widely held after Mr. Wallace finished second in the May 5 primary behind Alabama's incumbent governor, Albert Brewer.

On the simplest level, Mr. Wallace will face great organizational handicaps in mounting another presidential campaign if he loses the governor's office. Even if he wins, a close finish with Mr. Brewer, his former protégé, will hurt some.

With Mr. Wallace's star dimmed, Republicans expect they can carry his five states in 1972 and, at the moment, many Democratic politicians agree. The success of that strategy, however, will depend on the results of the next election. It would not force Republicans necessarily to swing leftward, as Mr. Wallace claims. But it would be a clear signal that—on a regional level, at least—the Southern strategy is working.

The success of that strategy and the Republican efforts to conciliate the South are reflected in the kind of campaign which Mr. Wallace has been forced to mount in his run for governor.

Target Is Missing

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A CHOICE—Banners strung across the Via del Babuino in downtown Rome urge voters in the June 7 regional elections to go Liberal, Socialist, Communist, or Christian Democrat.

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But the Alabama election, regardless of who wins on Tuesday, suggests a different message—that the Republican administration in Washington has made a successful job in defusing the Wallace challenge, at least for the present. That opinion became more widely held after Mr. Wallace finished second in the May 5 primary behind Alabama's incumbent governor, Albert Brewer.

On the simplest level, Mr. Wallace will face great organizational handicaps in mounting another presidential campaign if he loses the governor's office. Even if he wins, a close finish with Mr. Brewer, his former protégé, will hurt some.

With Mr. Wallace's star dimmed, Republicans expect they can carry his five states in 1972 and, at the moment, many Democratic politicians agree. The success of that strategy, however, will depend on the results of the next election. It would not force Republicans necessarily to swing leftward, as Mr. Wallace claims. But it would be a clear signal that—on a regional level, at least—the Southern strategy is working.

The success of that strategy and the Republican efforts to conciliate the South are reflected in the kind of campaign which Mr. Wallace has been forced to mount in his run for governor.

Target Is Missing

He has been plainly uncomfortable. There is still plenty of hostility toward Washington, but without Lyndon Johnson or Hubert Humphrey as the opposition, Mr. Wallace has not been able to select a credible villain.

President Nixon is too popular to attack, and Mr. Wallace's combative style goes long with a good target. With uncharacteristic meekness, he told a television audience the other night: "I would like to see Mr. Nixon become a highly successful President more than anything I can think of."

Republicans may also find satisfaction in Democratic Governor Brewer's strong performance as a candidate, even if he loses. Alabama's Republican party remains weak and divided, but Mr. Brewer's button-down style is the same sort of approach that has been offering in some other Southern states—youthful and handsome, moderately progressive in state affairs, low-key on racial issues.

World War II, became one of the best-known state legislators in the U.S.

He was leader of the California State Assembly from 1961 to 1968, when the Republicans gained a slim majority, leaving him as Democratic minority leader.

Public opinion polls give Mr. Unruh a wide lead over Mr. Xorty. Mr. Unruh says state problems must be pushed aside until the war in Indochina is ended.

In the contest for the Senate seat, the present Republican candidate, George Murphy, a former movie star who seeks reelection, opposes by industrialist Norton Simon, a noted art collector. Mr. Simon built up a company selling canned tomatoes, other processed foods and soft drinks into a billion-dollar corporation.

Three Democrats

On the Democratic side, there are three candidates for the Senate seat.

Two incumbent congressmen, Jonny Tunney and George Brown Jr., are in a race with a Los Angeles County councilman, Kenneth Hahn.

Mr. Tunney has two main claims to fame. He is the son of Gene Tunney, the former world heavyweight boxing champion. He is also a close associate of the Kennedy family. While at law school, he shared a room with Sen. Edward M. Kennedy, D. Mass.

His middle-of-the-road policies echo many of the late Sen. Robert F. Kennedy's views.

Mr. Brown, whose husband was assassinated in Jackson, Miss., in 1963, is the only Democratic challenger but it given the edge to win.

Mrs. Evers, whose husband was assassinated in Jackson, Miss., in 1963, is the only Democratic challenger but it given the edge to win.

Next November's contest between Mr. Evers and the Republican nominee will be fought in the district where President Nixon began his political career.

Mrs. Evers says she has the difficult task of winning in the predominantly white middle-class district, but adds: "I'm not in this race to hand out rednecks for Southern fried chicken."

Besides California and Alabama, primary elections will be held Tuesday in New Mexico, Iowa, Mississippi, Montana, New Jersey and South Dakota. New Jersey and New Mexico are high on the Republican priority list for winning Senate seats now held by Democrats. In Mississippi, Sen. John Stennis and all five House members are unopposed in the Democratic primary.

Senate Democratic leader Mike Mansfield seems sure to win renomination.

Mr. Wallace's future as well.

Even so, the Alabama campaign represents one of those trials that turn up American politics now and then, foretelling the direction of the nation in the years to come.

Wallace agrees. While he disclaimed any interest in the third-party presidential campaign, the 51-year-old neophyte statesman has, nevertheless, styled this election a referendum on the future of the movement.

Alabama failed to elect him, but he will be a clear-cut national politician in the South has surrendered, it's no longer going to it. If he wins, however, Mr. Wallace promises to keep up pressure to soften federal enforcement of school desegregation, not to mention taking on other grievances such as high federal taxes and the war in Vietnam.

Different Next Time

Mr. Wallace does manage to mount another presidential campaign, it will almost certainly be different from his last. Nationally, he drew only 13 percent of the total vote, enough to hurt both major parties in key states.

But Mr. Wallace himself carried only five states in the 1968 election—Alabama, Mississippi, Louisiana, Georgia and South Carolina.

He has been plainly uncomfortable. There is still plenty of hostility toward Washington, but without Lyndon Johnson or Hubert Humphrey as the opposition, Mr. Wallace has not been able to select a credible villain.

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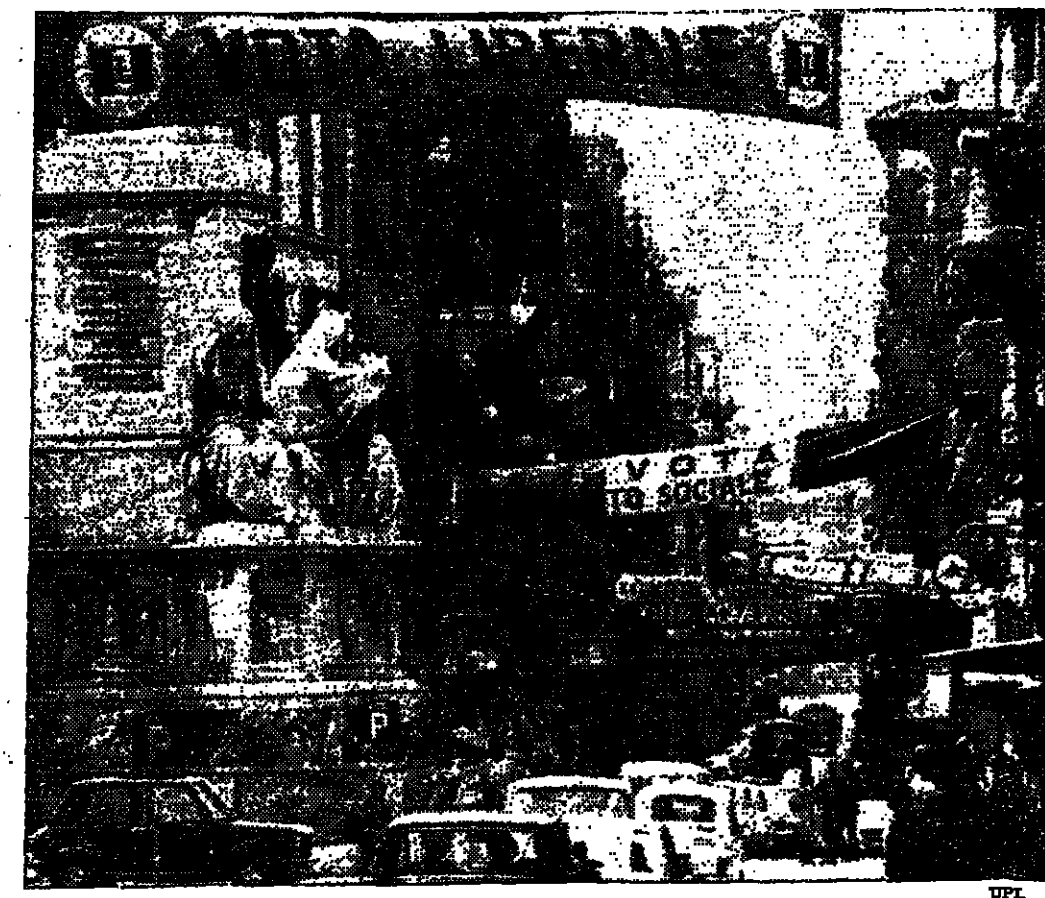
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## Reds Step Up Vote Drive in 3 Italian Regions

By Louis B. Fleming

Bologna—There is a new intensity and suspense to the final week of the regional election campaign here in the "Red Belt" of Italy because of hints that the Communists may not be doing as well as expected.

Reports indicate that the Christian Democrats, the nation's largest party, and the Communists, the second largest, are pumping unusually large sums of money into the campaign.

So the selection of the councils to control the three regions where Communist power is centered has become a test of strength with national implications.

The odds still favor Communist victories in Emilia-Romagna and Umbria. But an upset could occur in Tuscany that would embarrass Communist hopes of making the three regions a showcase for a government of the left as opposed to the center-left coalition that has governed the nation for six years.

Regional Opportunity

A total of 15 new regions will be created in the voting Sunday, bringing to 20 the regional divisions of the country. There also will be elections in most of the provinces and cities of Italy. The Communists already dominate several cities and provinces, including Bologna and the province where it is located. But this is their first opportunity to run a region.

One thing can be said with certainty: whatever happens to the Communists in this election, it will not have any immediate effect on the national government.

A resounding Communist victory could hasten the entry of the Communists into national government. But most experts see this as still being years away. A defeat could postpone that day, but many persons believe

that nothing can keep out of power forever a party that speaks for almost 30 percent of the voters.

Crowdy Future

The crystal ball is hopelessly clouded by a variety of factors: there is an absolute difference between Communism as it is preached in Rome and practiced in Bologna.

In no region does the Communist party have a serious chance of winning a majority. So the Communists must depend on the support of the Socialist party and the Proletarian Socialist party to come to power.

No one is sure whether the Communism of the "Red Belt" is Stalinism in democratic clothing or the real image of a new and reformed Communism. But the Communists know that their membership in the nation has been declining since 1945 while their voting support has been steadily increasing since 1948.

There is open disagreement among politicians as to whether the coalitions of the left, with which the Communists already run a lot of provincial and city governments, could be put to use in Rome. But some of the pictures in the Center-Left coalition that now rules in Rome are afraid.

Guido Fanti, the Communist mayor of Bologna, cancelled his appointments unexpectedly last Tuesday. He had been called to Communist party headquarters in Rome for urgent consultations. If the Communists do as they hope to do in the Emilia-Romagna election, he will be regional president.

Doctrine Expendable

Mr. Fanti has been an expert at the art of adapting government to power and problems without getting confused by anything doctrinaire.

"There is absolutely nothing that is Communistic about the government here," Prof. Federico Mancini of the University of Bologna said.

"We are not trying to create a situation of force through organized minorities of the working class," Athos Belletini, a deputy mayor, and a Communist since student days, said.

Which was no exaggeration. For one of the great supporters of the Communist party in Bologna is the small businessman and shopkeeper, grateful to a municipal administration that has discouraged the development of supermarkets and chain department stores.

"But when you come to national power, you will follow the Soviet example and prohibit private ownership!" "Absolute not," Mr. Belletini said.

A Communist leader will hand you a calling card bearing one of the most elegant addresses in the city. A Socialist leader will drive to work in a \$12,000 sports car.

Bunch of Clowns

"They are all a bunch of clowns," a 34-year-old man muttered as he worked the coffee machine at the bar of a pizzeria on the beach at Rimini at the east extremity of the "Red Belt." "I am not going to bother to vote."

"There are no Communists," an Eastern European journalist said after interviewing some officials here.

"We call them rosewater Communists," a Bolognaese said. They do not seem as red as the poppies that cover the fields these late spring days.

But from Bologna to a zone confused and chaotic the Communist party has projected a picture of control, authority, order and democracy so effective that even the opposition Christian Democrats have accepted two of the 18 precinct directorates in the city. And it is this kind of example that the Communists hope to project from the region to the nation.

There are exceptions to the smooth-running machinery elsewhere in the region however.

18th Since War

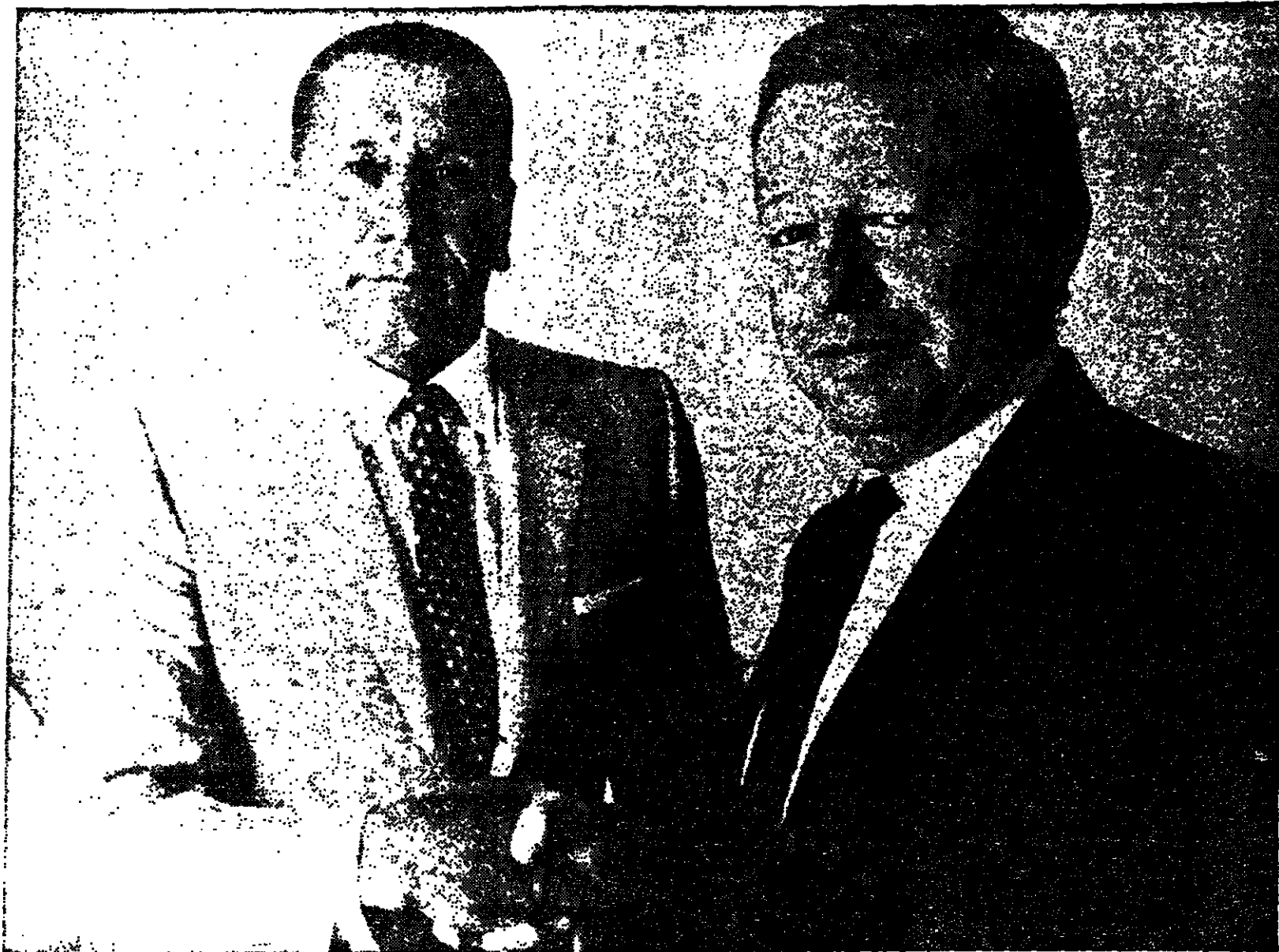
In Ravenna, there have been 18 elections since World War II seeking to end an impasse between the left and the Center-Left coalition. Now coalitions of the left run both the province and the city, depending on the willingness of the opposition to shake up on critical votes so that the hardness can get done. And in the last six months, a series

of laws has passed that the

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Dr. Werner Kunkler (l.)

John J. Meily (r.)

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Edward J. Markus President	John J. Meily Executive Vice-President
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I would like to thank Mr. Markus and Mr. Meily for the confidence they have shown in me and to say how much I am looking forward to working for AGRI Fund. AGRI Fund is a new investment concept. It fulfills the desire for security, growth and independence of the whims of the stock market. This new concept of investing directly in industry avoids the speculative element which is constant in the stock and real estate markets. It gives every investor the chance to be a partner in the worldwide food industry. I would be

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Sincerely

Dr. Werner Kunkler Senior Vice-President
---------------------------------------------



# East Asia Focus: Shape of the Economy

## INDONESIA

**Despite vast natural sources, agriculture is the cornerstone of 5-year plan**

JAKARTA—Indonesia is one of the world's richest natural areas. But its wealth is not among some 3,600 islands which make up the largest archipelago, with a total area of 575,893 square miles—more than twice that of the United States. The country has vast supplies of oil and coal, and sub-

stantial deposits of bauxite, manganese, copper, nickel, gold and silver.

But, while the government places a high degree of priority on the development and exploitation of these mineral resources, the cornerstone of the country's current five-year (1969-1974) development plan is the expansion of the agricultural sector.

A government publication which explains the plan says bluntly: "Indonesia has to face the grim fact that its actual capacity for development is most restricted in spite of its enormous potentials. Its development must be planned in stages, in view of its financial weakness."

Thus, the government has decided to enter the plan on agriculture where 75 percent of the population—estimated at nearly 113 million in 1968—are employed.

About 55 percent of Indonesia's products originate in the agricultural sector, and agricultural products account for 60 percent of the country's exports. The Jakarta government lists the plan's "simple objectives" as the provision of food and clothing, the improvement of infrastructure, better housing for the common people, increased employment and a higher spiritual welfare.

"Common sense dictates the avoidance of day-dreaming, and the application of a pragmatic approach, in drawing up the plan," the government says. Rice is the staple food and chief crop, and Indonesia aims at becoming self-sufficient in rice production by the end of the five-year plan, in order to free a large sum of foreign exchange for more constructive use. At present, the country spends more than \$100 million annually on rice imports.

By 1974 Indonesia plans to produce 15.4 million tons of rice—about 50 percent more than the 1968 crop—and if this rate of production increase can be achieved and maintained it will mean that the country will be able to keep pace with its 2.3 percent annual population growth.

This target requires heavy ex-

(Continued on Page 11, Col. 1)

## The 70s—A Decade of Vast Change

THE 1970s will see vast changes in Asia, where an upsurge in trade and development is expected to transform the region during the next decade. Asian governments are now busy implementing development plans, seeking foreign exchange loans, courting foreign investment and adjusting their budgets to meet the challenge.

Most hope that the disappointments of the development decade of the 1960s will not be repeated. Many discovered that an impressive growth rate, big strides in industrialization, successes in the "green revolution" of modern agricultural

technology and better prices for primary commodities from developed nations did not alleviate poverty and financial ailments to the extent envisaged.

But, in many cases, the groundwork has been laid for a greater degree of success during the 1970s, and there is optimism that the ultimate goals of economic development for

the region will not prove so elusive during the present decade.

Japan, the only Asian country which ranks among the world's most developed and highly industrialized nations, must be considered separately, but its growing investment inputs in other developing Asian countries are a factor of increasing

importance in the overall development of the region.

Singapore is a glowing example of an Asian success story. This bustling, go-ahead island of 225 square miles and two million people is tackling its problems with a degree of pragmatism which has already surprised many experts who forecast a pessimistic future with the withdrawal of British military units.

But Singapore ended the decade of the 1960s with a gross national product (GNP) which had grown at an average annual compound rate of 9.4 percent during the period, to reach (Continued on Page 13, Col. 2)

This report on East Asia does not include an examination of the Japanese economy since a separate study was published in the International Tribune earlier this year.



## PHILIPPINES

**A new optimism about the future, tempered by the strains of external debt**

By Satur C. Ocampo

MANILA—The Philippine government regards 1970 as the first of several crucial years for its new external debt management program, which is a key factor in the country's current drive to achieve a sustained economic growth.

The Philippines' monetary authorities recognize that demands on repayments will be heaviest during the first two or three years, and this accounts for the almost frenzied efforts now being made to boost exports during this period, coupled with attempts to hold down imports to the barest minimum requirements that will sustain growth.

Informed economists in both governmental and private sectors concede that foreign exchange strains during these critical years may force down the growth rate of the Gross National Product by as much as half of the 6.4 percent achieved the previous year.

But once over the hump, there is confidence that the GNP will spur ahead again and proceed at an increasing pace.

### Better Program

The country's new four-year economic development plan, currently being studied by the International Bank for Reconstruction and Development (IBRD), sets out a more rational industrial and agricultural development program than has been followed in the past.

The aims have been reconciled with the investment priorities plan prepared by the Philippine Board of Investments (BOI), which has been described by the IBRD as the "most promising development" for the country's manufacturing sector.

The BOI will play an important role in channeling future foreign investment in the Philippines into those areas in this mineral-rich country of about 7,100 islands where they will achieve their greatest potential and bring the highest benefits to its population of 36 million. There is now a new optimism about the economic future in the Philippines which has been generated to a large extent by a report by the Rand Corp.,

prepared for the Agency for International Development. This indicates that the Philippine economy has not performed as badly as many believe and that the future is not as bleak as some suggest.

This view was echoed recently by a member of an IBRD mission, who observed at a (Continued on Page 12, Col. 2)

## HONG KONG

**Threat to textiles casts a shadow on a bright picture**

HONG KONG—Hong Kong should, according to some accounts, be deeply concerned about its economic prospects for the next year or two.

These accounts take into consideration such developments as: the rising protectionist sentiment in the United States, which is Hong Kong's biggest export market; a possible leveling off in general world trade; and a possible loss of foreign exchange earnings as a result of the progressive withdrawal of British troops from Singapore and U.S. troops from South Vietnam.

Yet, somehow the export-oriented economy of this British crown colony seems to have a way of defying pessimistic predictions.

Back in 1967, some said Hong Kong's economy had been, in some respects, irreparably damaged by the Communist-instigated disturbances that occurred that year.

Such assessments have been belied by events, as can be readily seen from the economic boom conditions of mid-1970 or from the economic statistics for 1969.

Hong Kong officials consider (Continued on Page 14, Col. 2)

## SOUTH KOREA

**P continues to grow, as do some problems**

SEOUL—South Korea is entering another year of brisk economic growth in 1970, likely at a rate second in only to that of Japan.

The Seoul government is forecasting a real increase of 10 to 12 percent this year in the city's gross national product. It would compare with an all-estimated 15.5 percent growth in GNP in 1969, 10 percent in 1968, 8.9 percent in 1967 and an average 8.3 percent in the five years from 1962 through 1966.

Impressive as these statistics are, the changes in this capital in the past few years, particularly the new high-rise buildings and superhighways, perhaps even more eloquent than the figures, have drawn many to South Korea's economic advance.

In some at least, South Korea is regarded as a model for economic progress that Asian countries can achieve. The country was described several years ago as a "tiger" by U.S. officials, and its annual meeting of the Asian Development Bank.

It is also described by U.S. officials as a "tiger" (Continued on Page 11, Col. 3)

## MALAYSIA

**Emphasis is on incentives for investors, a drive for industrialization**

KUALA LUMPUR—Malaysia, one of the highest per capita income rates in Asia, is achieving the per capita income level of a developed country within a generation. The goal may well be reached, but there are a number of problems.

Though richly endowed with natural resources, high priority is given to the industrialization of this New Mexico country. The world's largest producer of rubber and tin and palm oil and tung oil, Malaysia considers its economy severely vulnerable to the event of any substantial price decline in these commodities.

To promote industrialization, authorities are encouraging industrial investment by foreign domestic interests. Their incentive program includes such inducements as relief and credits, duty exemptions, accelerated depreciation allowances, infant industry protection measures and special estate and research incentives.

Investment incentives recently the authorities have taken steps to strengthen their incentive program. Possibly the most important of all has been "to end the past lethargic attitude toward investment and, instead, to search out and court potential investors." John E. Walsh of the U.S. Commerce Department's Bureau of Economic Analysis, who visited Malaysia in May, 1969, said that Malaysia remains one of the most stable countries, politically and economically, in the East.

He considers wood processing and tourism facilities among the outstanding investment opportunities in Malaysia. As areas with good profit prospects, the Federal Industrial Development Authority, a government-sponsored agency, recently listed such activities as production of centrifugal pumps, particle board from wood waste and decaffeinated coconuts.

Japanese economists rate Malaysia highly for its realistic approach to industrial development, particularly the country's efforts to establish enterprises of modest scale and technology that can make use of Malaysia's natural resources.

Good Industrial Planning When compared with some other developing Asian countries, Malaysia, along with Taiwan and Thailand, stand out for their intelligent industrial planning, writes Kenichi Odawara, associate professor of (Continued on Page 10, Col. 6)

## TAIWAN

**A projection of another vigorous year of growth and consolidation for the island economy**

TAIPEI—Taiwan expects its economy to make a great leap forward in 1970. And indications are that it probably will.

Some government officials are forecasting that the island's gross national product (GNP) will achieve real growth of 12 percent this year compared with 8.9 percent in 1969, its lowest annual growth in recent years.

If the 12 percent growth rate is realized, Taiwan will be in a position to challenge South Korea's claim to have the second fastest growing economy in Asia after Japan.

James R. Johnston, of the Far Eastern division of the U.S. Commerce Department's Bureau of International Commerce, says "Taiwan's economy appears headed for another year of vigorous growth" in 1970.

Looking further ahead, William N. Morrell, counselor for economic affairs at the U.S. Embassy in Taipei, foresees Taiwan's GNP possibly tripling in the 1970s to approach \$15 billion in 1980, up from \$4.8 billion in 1969.

Taiwan's per capita income, Mr. Morrell says, could achieve

by 1980 a level roughly comparable to that of a number of European countries "a scant 10 years ago."

And by the same date, he foresees Taiwan's exports reaching an annual level of \$7 billion or more, up from \$1.1 billion in 1969.

Another projection sees Taiwan's exports in 1980 at \$8.72 billion. This projection was made by Angus Hone, economic affairs officer of the International Trade Center in Geneva who was assigned to Taiwan as a consultant on export marketing.

Mr. Hone's projection is realistic, it would be a remarkable performance for a country the size of Taiwan, which has an area of less than 14,000 square miles and a population estimated at just over 14.3 million.

Japan, with a population of more than 100 million, exported goods worth \$15.7 billion in 1969. Of developing Asian countries, Taiwan is one of five or six that Takashi Watanabe, president of the Asian Development Bank, considers to be (Continued on Page 10, Col. 1)

## THAILAND

**A second balance-of-payments deficit looms, but foreign investors may alter the outlook**

BANGKOK—Thailand, a country with one of the best economic track records in Asia, is concerned about its economic prospects in the early 1970s.

The concern stems from: Prospects of a heavy loss of foreign exchange earnings as a result of a progressive reduction in U.S. government spending in the country.

Possibility of further adverse developments in the rice market that has already seen some Asian countries that were former buyers of Thai rice moving into the export rice market as sellers.

Prospects that Thailand's big trade deficit with Japan may widen. In 1969 Thailand registered an international balance-of-payments deficit initially estimated at about 30 million U.S. dollars.

It was the country's first external payments deficit in ten years and considerable concern is expressed that Thailand may record another, larger balance-of-payments deficit this year.

Until 1969, Thailand had been able to keep its balance of payments in the black because net capital inflows from U.S. gov-

ernment and foreign tourist spending and foreign investment more than offset the customary deficit in the country's merchandise trade. Last year, however, the capital inflow wasn't adequate to cover the widening trade deficit.

The country's economic picture isn't all dark. The impact of the scheduled reduction in U.S. government spending may be offset to a significant extent by the spending plans of large foreign enterprises that are scheduled to invest in the country.

The prospective investors include petroleum and petrochemical enterprises with large-scale projects.

Six major international oil companies plan to drill for oil in the Gulf of Thailand. Oilmen say the area is promising. If a significant oil find is made, it would be a boon to Thailand's economy and to its external trade position.

In the petrochemical field, several major Japanese enterprises are contemplating substantial investments in a planned petrochemical complex that is currently scheduled to start operations in about two years.

The complex is to involve investments totaling an estimated \$30 million U.S.

Japan already is by far the largest foreign investor in Thailand. Of total capital investment by non-Thais between April 1959, and Dec. 31, 1969, Japan accounted for 31.8 percent, the United States 16.1 percent, Taiwan 14.5 percent, Britain 5.1 percent, Malaysia 4.2 percent, the Netherlands 2.3 percent, West Germany 2.3 percent, Denmark 1.4 percent, Hong Kong 1.5 percent, Singapore 1.3 percent, Switzerland 1.1 percent, India 0.9 percent and others

17.4 percent. The Thai board of investment reports.

Encouraged by Thailand's various inducements to foreign investors, major Japanese enterprises such as Toyota Motor Co., Toray Industries Inc., Teijin Ltd., Matsushita Electric Industrial Co. and Bridgestone Tire Co. have made substantial investments in the country.

Although some Japanese enterprises are progressively increasing the Thai content of the goods they produce in Thailand, they still import a substantial amount of Japanese (Continued on Page 14, Col. 5)

## SINGAPORE

**A great success story, with shipbuilding set to provide another chapter**

SINGAPORE—Singapore is an Asian success story and the story's next chapter looks promising indeed. The island republic's performance to date is perhaps summarized with a few statistics such as:

● Singapore's Gross Domestic Product in the decade ended last year grew at an average annual compound rate of 9.4 percent to reach an initially estimated 15 billion U.S. dollars in 1969, up from 6.5 billion dollars in 1959.

● Singapore's port, now the world's fourth largest and aiming to overtake Yokohama as the third largest, handled 37.7 million freight tons in 1969 compared with 14.2 million freight tons in 1959.

● At least 20 major U.S. corporations have announced in the past year plans to invest almost 100 million U.S. dollars in Singapore, which would bring total U.S. investment in the island to more than 175 million dollars in the next few years.

● Gross domestic capital formation rose in 1969 to an initially estimated 308.2 million U.S. dollars, or 19 percent of the 1968 level, from 262.2 million dollars, or 17 percent of GDP, in 1968.

● Consumer prices have risen by an average of only one percent a year since 1960.

● Exports increased to 4.7 billion Singapore dollars (1.5 billion U.S. dollars) in 1969, from 3 billion Singapore dollars (979.5 million U.S. dollars) in 1965, while 1969 imports rose to 6.2 billion Singapore dollars (2 billion U.S. dollars) from 3.8 billion Singapore dollars (1.2 billion U.S. dollars) in 1965.

● Armed robberies and house breaking declined to 2,010 cases in 1969 from 3,125 cases in 1968, even though the population increased to 2.02 million in mid-1969 from 1.88 million in mid-1968.

These results can only be considered outstanding particularly when compared with the overall performance of developing Asian countries.

They have been achieved despite the pessimistic view of many that Singapore would experience serious economic difficulties as a result of the progressive withdrawal of British forces from the 234-square-mile city-state which has served as Britain's largest military base in the Far East.

Apart from the expansion of manufacturing and trade, a senior government official said that between 1967 and 1968 even Singapore's tourist trade increased sufficiently fast to offset reduced British military spending. Therefore, he said, increased earnings on trade and industry actually formed net additions to domestic product. The British are scheduled to (Continued on Page 13, Col. 1)









## SOUTH KOREA

(Continued from Page 9)  
government officials who say that South Korea is reaching a stage of economic development that will permit the United States to end grant-type economic assistance to the country by 1972.

However, the country's rapid economic growth has created or accentuated some problems, principally inflationary pressures and a growing foreign debt burden resulting from the substantial foreign loans and credits South Korean interests have solicited from abroad.

Government officials say the problems are manageable.

This year, they say payments of interest and principal on foreign debt, private and public, will amount to about \$190 million, and falling due next year, they say, are foreign debt service payments of about \$220 million.

These payments are within tolerable limits, they say, particularly in view of the anticipated foreign exchange earnings from merchandise exports which this year, they expect will rise to about \$1 billion from \$702.8 million in 1969 and from only \$56.7 million in 1962.

The country still needs foreign financing, but the government is trying to get more of it in the form of equity investments in South Korean ventures and also in the form of loans from such agencies as the World Bank and its af-

filates and the Asian Development Bank.

Foreign financing is important to South Korea which is likely to remain a substantial importer of foreign capital for some years to come. The country depends more on foreign money as a source of funds for domestic capital formation than any other Asian country, says the Korean Development Bank.

Of domestic capital formation in 1969, the bank said domestic savings accounted for 58.4 percent, foreign loans and investments 27.8 percent, foreign aid 10.3 percent. When allowances are made for errors and omissions of 6.5 percent, the percentage total is 100.

Tax Reforms Started

In 1969, domestic savings accounted for 57.8 percent of domestic capital formation, foreign loans and investments 20.8 percent, foreign aid 2.8 percent. Errors and omissions for 1969 were put at 4 percent. To lessen its reliance on foreign funds for both private and government spending, the government has reformed its tax and banking systems to encourage savings and to increase tax revenue.

The tax reforms have been particularly effective. National internal tax revenue has increased by an average of more than 50 percent annually for the past four years, the National Tax Administration says.

For fiscal 1970, which coincides with calendar 1970, the government has projected that internal tax revenue will rise to 283,700 million won (\$229.9 million — at the official rate of 308.1 won to \$1) from 218,900 million won (\$717.5 million), says Oh Chung Keun, director of the National Tax Administration.

In the banking system, the authorities carried out in the autumn of 1969 an interest rate reform that has resulted in some of the highest, if not the highest, authorized interest rates in the world for both deposits and loans.

The reforms have succeeded to a significant degree in drawing funds into the banking system from what is described as the "unofficial money market" where rates on loans run as high as 50 to 60 percent per annum.

In relying to a large extent on foreign funds to finance its development, South Korea is following to a considerable degree the example of Japan.

Henry Kearns, president of the United States Export-Import Bank, a major lender to Japan and South Korea, recently attributed much of Japan's postwar economic success to a "deft" use of credit.

To finance construction at Ulsan of the country's first petrochemical complex, which is to be completed next year and in full operation in 1972, South Korea has tapped Japan, the United States and Europe for commercial loans, solicited equity capital from Japanese and U.S. interests, and requested funds from such international agencies as the Asian Development Bank.

Similarly for the Pohang steel project, South Korea after lengthy negotiations with various interests has been promised Japanese loans and credits totaling the equivalent of \$124 million.

The Pohang project will be South Korea's first integrated steel works, a complex with facilities ranging from pig iron-producing blast furnaces to steel-fabricating plants.

It is to be completed in mid-1973 and, in terms of crude steel, is to be capable of producing just over one million metric tons annually.

Development of the steel and petrochemical industries are two of the principal goals of the country's second five-year economic plan which ends next year.

For the next five-year plan,

the government, in the interests of stability, plans to try to hold to 2.5 percent the average annual increase in real GNP.

President Chung Hee Park, who has predicted that 1970 will be a turning point in South Korea's efforts to achieve economic self-sufficiency, has urged the country to try to realize exports of \$3.8 billion a year by 1976, final year of the third five-year plan.

By 1976, he has said, per capita GNP should near the equivalent of \$400 a year, up from an estimated \$195 in 1969 and up from only \$96 in 1962.

Some question whether these targets can be realized, particularly if the Vietnam war comes to an early end. South Korea, like several other Asian countries, has received considerable economic returns from the Vietnamese conflict.

These returns have taken the form of procurement of Korean goods for the military in South Vietnam, remittances to South Korea by an estimated 20,000 Koreans working in South Vietnam, and increased exports to countries which have been able to import more because of their

own foreign exchange earnings from the war.

Even if the Vietnam war ends soon, however, some believe other developments may more than offset South Korea's loss of war-related earnings.

Among these developments is growing Japanese equity investments in South Korean ventures.

Only since Dec. 1968 has the Japanese government authorized Japanese enterprises to make direct equity investments in South Korea.

But in the past two years, Japanese equity investments, though most have been comparatively modest in amount, have been numerous. And indications are that they will increase significantly both in the number and the amounts involved, mainly because of Japan's labor shortage, which is becoming increasingly severe.

By Jan. 1 of this year, South Korean authorities had approved Japanese equity investments totaling \$49 million, or 35 percent of total authorized foreign investments of \$139,288,000 from 1962 through 1969.



Indonesian oil workers

## INDONESIA

(Continued from Page 9)  
iculture on irrigation, high-dig rice varieties, fertilizers, pesticides, and some 27,000 ton rupiahs (380 rupiahs=) will be allocated to this project during the five-year period, state agriculture, which covers the production of rubber, in oil, tea, coffee, sugar, pepper, tobacco and corn, constitutes about 70 percent of the value of Indonesia's exports, and under the plan the government will allocate about 80 million rupiahs to boost production in this sector.

Forestry is another key factor. Forests cover about two-thirds of the country's land, but at present only about 30 percent of the productive bar areas have been exploited.

Foreign investors are keen to a part in joint ventures to exploit these forests, and it is expected that Indonesia's timber exports will increase tenfold in the next five years, and secondary industries will blossom.

Some success has been achieved in this field already. Indonesia's 1969 timber exports totalled three million cubic meters, about \$19 million, which far in excess of the two million cubic meter target set down the first year of the five-year plan.

It is estimated that Indonesia needs about 10,000 million rupiahs to exploit its forests by the period covered by the plan.

While the government has the agricultural sector nucleus of its development, oil production remains a major factor in the economy.

### Oil Production Target

Indonesia has set itself a target of one million barrels of oil a day during 1970, which represents an annual production increase of between 20 and 25 percent over previous years.

Oil resources now being exploited in Indonesia are estimated to be capable of producing 1 million barrels per day, and with present production levels the country's oil resources should be sufficient to last for the next 20 to 25 years.

Efforts to find new oil fields, in order to extend this period, are now being stepped up, in cooperation with foreign investors.

Already some 25 foreign oil companies are working with Pertamina, the national oil company, under the government's production sharing formula for on and off-shore exploration and exploitation.

Indonesia now consumes 35 to 40 million barrels of fuel annually—or about one-fifth of its own production total.

Indonesia's income from foreign oil contracts in 1969 amounted to \$155.5 million, compared with \$114.5 million in 1968.

Under the five-year plan it is estimated that the country's net foreign exchange earnings from oil production will jump from \$77 million to \$124 million annually.

New refineries are under

construction at Plaju and Sei Pakning in Sumatra. Gas from these plants will be processed into ammonia, a fertilizer base, at Tjirebon, in West Java, where Indonesia's largest fertilizer plant is being built, and at Plaju, where a plastic packing factory is also being built.

The overall projection of the five-year plan envisages an increase in total exports from the 1969-70 figure of \$472 million to \$824 million in 1973-74, or the equivalent of a 73.5 percent increase over the period.

### Pattern of Imports

During this period the pattern of imports is intended to change drastically. Food imports should drop from the 1969-70 figure of \$146 million to \$67 million in 1973-74.

But the import of raw materials and supplementary goods will more than double during this span from \$335 million to \$680 million.

And, in line with the plan's aims of clothing and educating the people, the import of raw cotton will jump from \$25 to \$62 million, and raw materials for paper production will increase from \$1 million to \$19 million.

Imports of raw materials will in 1970-71 increase by more than 30 percent over 1969-70, but the percentage of increase will decline in subsequent years.

At the same time imports of capital goods will rise from \$275 million to \$614 million—a jump of 123 percent over the five-year period.

### Heavy Expenditure

This heavy expenditure will be necessary if Indonesia is to carry out its intention under the plan of raising productive capacity in industry by 90 percent by the end of the five-year period.

Development projects in the industrial sector according to plan, the government estimates that it will invest 110,160 million rupiahs in this sector, while banks and private capital will account for a further 140,600 million rupiahs.

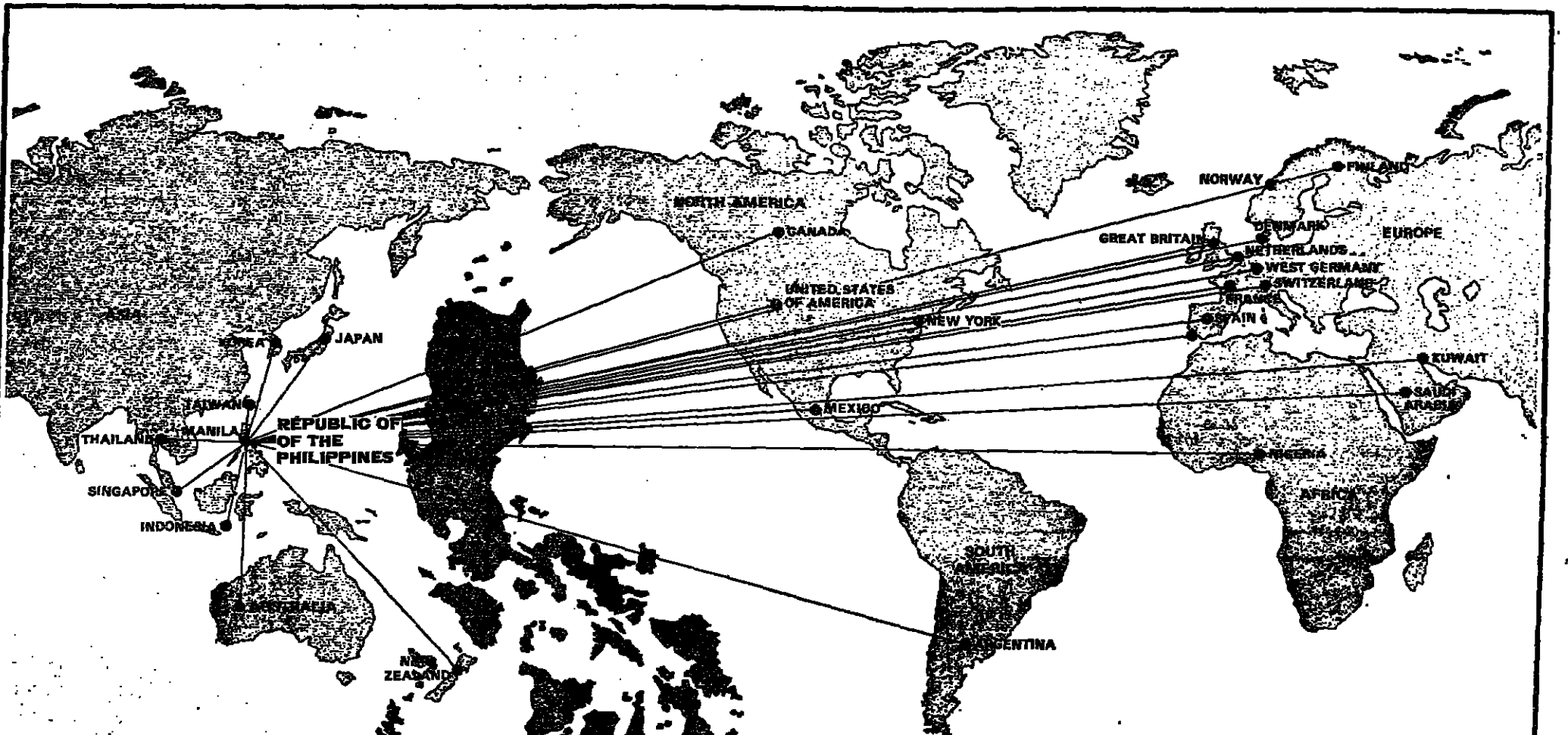
Indonesia's heavy debt repayments give some cause for anxiety, but the government is optimistic about its ability to meet these.

The country's debt obligations now total more than 20 percent of its export earnings value.

In an official statement on monetary and fiscal policy, the Indonesian government says: "The government is determined to repay the debts to fulfill its promises and to maintain the nation's honor."

"We can carry out this obligation, however, only if we have been able to create a healthy and prospering economy which produces the resources necessary to repay our debts."

"To achieve this, a substantial inflow of foreign resources will be necessary in the years to come. The majority of these foreign resources may be expected to fulfill the intergovernmental obligations, although a large part of the resources required might be in the form of 'grants' in foreign private investment."



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● In fact, many countries continue to

discover the Philippines. And they have come with their capital, their technology, their products — and they have found welcome and profitability. Take the United States, Japan, West Germany, Kuwait, France, Nigeria, Switzerland, Great Britain, Australia, the Netherlands, New Zealand... and a host of others.

● Indeed among the Philippines' Top 100 Firms may be counted the world's largest corporations such as Ford, Shell, Unilever, Roche Inc., Chrysler Inc., Mitsubishi, Volkswagen, Philips, Renault, Weyerhaeuser, Boise-Cascade, Standard Oil Companies, Gulf Oil, Imperial Chemical Industries, General Electric, Westinghouse, Castle and Cook, Theo. Davis, General Foods, etc. etc...

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\*Profits are very good (see chart at left on Return Investment Capital)  
\*The land is rich. Vast mining and mineral areas, all lying within one of the richest oil belts, await potential investors.  
\*Her people are warm and friendly. Moreover, manage-

rial and skilled manpower are relatively inexpensive. English is the common medium of communication.

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- \*pulp and paper
- \*shipbuilding
- \*polyvinyl alcohol
- \*and a long list of other investment opportunities

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and pre-operating expenses  
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- \*employment of foreign nationals

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## REPUBLIC OF THE PHILIPPINES



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For reservations contact nearest Inter-Continental Hotel reservations office or your travel agent.



(Continued from Page 9)

private dinner here that Filipinos seem to view their economic situation with more pessimism than foreigners.

Ironically, the balance-of-payments problem, which the Philippines now face, has been attributed to a great degree to the government's attempts to boost overall economic growth. Such a growth program requires huge inputs, which in turn require foreign exchange expenditure.

Hence, largely because of this preoccupation with growth, the nation has incurred an external debt amounting to about \$1.5 billion in recent years. A substantial portion of this debt consists of short-term loans, which has left the economy hamstrung by the need to generate foreign exchange to meet maturing obligations.

### Earnings Increase

While Philippine export earnings have been increasing, growth slackened in the last two years, contrasting with spurts in spending on merchandise imports. Thus, while earnings barely exceeded \$800 million annually, imports broke through the \$1-billion level.

The Philippine government was forced to approach the International Monetary Fund (IMF) when foreign creditors, hitherto helpful in extending loans, would no longer be as accommodating after the Central Bank repeatedly negotiated for rollover of maturities on short-term loans.

The IMF's willingness to help has brightened the prospect for a solution of this problem. It paved the way for the successful rollover of maturities early this year, and for the acquisition of new loans amounting to \$170 million, including a standby credit from a consortium of Japanese foreign exchange banks—the first arrangement of this nature offered by Japan.

Relief in the perennial crisis sector of foreign exchange is expected to boost growth and keep

it going on an even keel, and this area is now being tackled on a firm, long-time basis.

The new Central Bank governor, G. S. Licas, who has earned himself the reputation of being a no-nonsense financial management expert, is now attacking the problem of balance-of-payments deficits in close consultation with the IMF, which virtually has the final say in the country's monetary affairs since the Philippines took advantage of its third credit tranche of \$27.5 million from the IMF early this year.

Mr. Licas is now in New York negotiating with a consortium of 23 U.S. banks for the restructuring of about \$140 million in maturing short-term loans to medium and long-term loans.

With IMF backing, this mission is expected to succeed, largely because of Mr. Licas's record to date. For the most part he has already successfully implemented the initial IMF provisions embodied in an economic stabilization program aimed at producing a surplus in both balance-of-payments and fiscal operations by the government for this and ensuing years.

If he succeeds, Mr. Licas will then be ready to present to the IMF and other creditors an external debt management program scheduling the repayment of external obligations over an acceptable period and under terms considered feasible and comfortable within the context of sustained economic growth targets. Thus, there is also reason for optimism in this sector.

The Rand Corp. report attributed a large portion of the economic ills facing the Philippines not so much on the economic policies which had been followed but on the muddled information and inaccurate statistics upon which the policies were based.

### Lack of Information

On the economic aspects, the report said: "The information system produces data that are late, aggregative, inconsistent

and badly matched with the needs of the policymakers.

"Even if politicians were interested in specific programs—and the evidence is that they are not—their ability to devise intelligent programs would be severely limited by the nature of their information systems. The bureaucracy, parts of which may be interested in devising programs, must deal with the same ambiguities."

Recognition of this view made the task of government simpler. The presidential economic staff, for instance, has now published economic profiles for more than 50 provinces. Whereas no specific data could be obtained previously about the population, mineral and agricultural resources, industrial and commercial development of any specific province, this problem has now been eased and these profiles can now be used by prospective investors as starting points, at least, for surveys of the potentialities of investment areas in which they are interested.

A new household census is now being made, and computers are expected to speed up collection of data and the updating of present statistics which are based on a census made ten years ago.

The Rand report went on to give those responsible for economic planning in the Philippines a great deal of hope.

### Examination Helps

"We have found that, when crises are examined in detail, they look different from the same crises as proclaimed in the press and in Congress:

"1—Unemployment is a very specific problem concentrated in a special portion of the population.

"2—The economy, or the manufacturing sector, is not

## PHILIPPINES

stagnating, and judgments that it is based on dubious inferences from highly uncertain data.

"3—The lurching and recurring foreign exchange losses are rooted in the behavior of the political system."

After praising the government's "policy-making capabilities" for seizing the technological opportunity offered by the development of a new strain of rice and using this to introduce a complex program to alleviate rice shortages, the Rand report went on to say that few of the country's other problems were "likely to prove so inherently manageable."

"But if the ability of the government to attack and solve problems remains slight, no prophecy of disaster follows. The unemployed do not seem likely to rebel; the economy will continue to grow, and the Central Bank will continue to manage the balance-of-payments crisis intelligently."

"In short, the problems facing the Philippines do not appear to exceed greatly the government's capacity to solve problems," the report added.

While the heavy repayment demands of the next two or three years is certain to force the government to slacken the GNP growth rate, there are indications that it may not fall off substantially.

This stems from likelihood that the IBRD, with the cooperation of the IMF, will manage to organize a group of countries to provide the Philippines with the capital goods requirements needed to implement the four-year economic development program, which was recently redrafted with IMF assistance.

This possibility was indicated

by Rudolf Hablutzel, head of the IBRD mission which spent more than one month examining economic data and making an on-the-spot study of industrial and agricultural projects in the Philippines.

One area of conflict will have to be resolved, however: how to reconcile the IBRD preoccupation with growth (which means massive spending) with the IMF's strictures on monetary equilibrium, which demand restraint on spending.

The long-term trade credits envisaged by the formation by the IBRD of a group of creditor countries are one approach to development without provoking undue strains on the country's foreign exchange resources.

The export tax law introduced on May 1 this year, expected to generate additional revenue of 13 billion pesos (\$183 million) in the next three years, also promises that future IBRD-aided projects in the country will be easier to implement.

This law allocated 25 percent of the income from the tax—about 400 million pesos (\$56 million)—to provide for a peso counterpart fund for IBRD-supported projects—many of which have become bogged down in the past due to the lack of such a fund.

The importance of the role of the Board of Investments (BOI) in future economic growth and development in the Philippines is reflected in an IBRD report which said:

### More Encouragement

"BOI is exercising welcome restraint in granting tax incentives provided by the 1967 act. Equally encouraging is an evident determination to avoid the indiscriminate setting up of industries which will require

heavy protection. This is reflected in the projects approved to date.

"BOI is aware of the need to promote exports and this is reflected in the projects it has approved. In view of the progressive loss of preferences in the U. S. market and the need to diversify exports, it may be necessary for the government to consider providing additional encouragement to industrial exports.

"If the BOI continues to function effectively, an acceleration of industrial growth on a sounder basis than in the past can be expected in the 1970s," the report said.

In preparing its investment priorities plan, the BOI welcomes views from the private sector on other potentially preferred areas.

It is evident from the listing of priority projects that the BOI plan is basically an indication rather than a controlling plan. It constitutes an offering of various preferred areas of investments and an invitation to the private sector to venture into these specific projects in which particular entrepreneurs feel they have particular competence.

Under the law, the BOI has no authority over Philippine nationals if they choose not to seek the incentives available under the law. Fully-owned foreign ventures are welcome in pioneer, preferred areas.

From July 1, 1968, to June 30, 1969, the BOI received 231 applications for registration, of which 123 were approved, 13 rejected, 41 either withdrawn by proponents or deferred, and 39 still being processed.

Of the approved projects, 64 are in agro-industries, 11 in mining and mineral processing, and 53 in manufacturing.

### Pioneer Ventures

The BOI annual report said that 34 approved projects were pioneer ventures, representing

about 28 percent of approved projects and covering a broad range of essential industries, including aluminum smelting, nickel, cold rolling of steel products and manufacture of various products, such as communications equipment, explosives, grain driers and sodium triphosphate (a detergent component).

The 128 approved projects, the BOI report said, would involve an estimated total investment of 1.5 billion pesos, with 1 billion pesos from domestic sources, both government and private, and about 500 million pesos, or 45 percent of total requirements, from foreign companies mostly in the form of equipment loans or indirect investments. In terms of equity, foreign investors contributed 13 percent of the total, or 145 million pesos.

Applications are continuously being accepted by the BOI and processing and approval takes place almost every week. Aside from these main duties, the BOI has been busy drafting legislative proposals to correct some deficiencies in the Investment Incentives Act and to seek incentives for exports. The export incentives bill has been pending in Congress since last year.

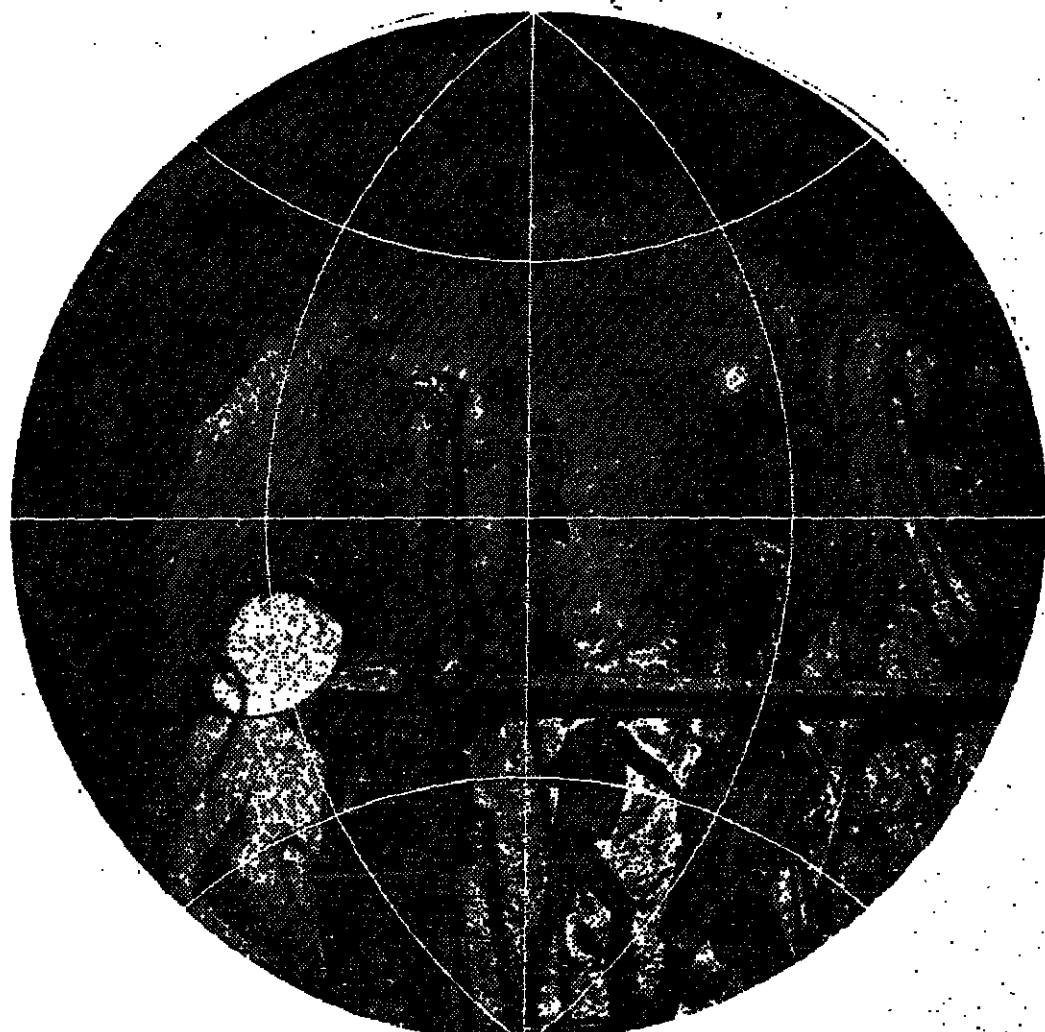
### Tax Exemptions

One significant amendment to the Investment Incentive Act sought by the BOI is the granting of tax exemptions to pioneer industries. The original law states that exemption from all taxes under the National Internal Revenue Code, except income tax, may be granted to registered pioneer enterprises on a graduated scale from 1972 to 1981.

Another proposed amendment would give the BOI authority to waive the required degree of ownership by Philippine nationals (60 percent) in enterprises organized to promote regional economic integration, with the provision that such a waiver would be compatible with the national interest and/or international agreements.



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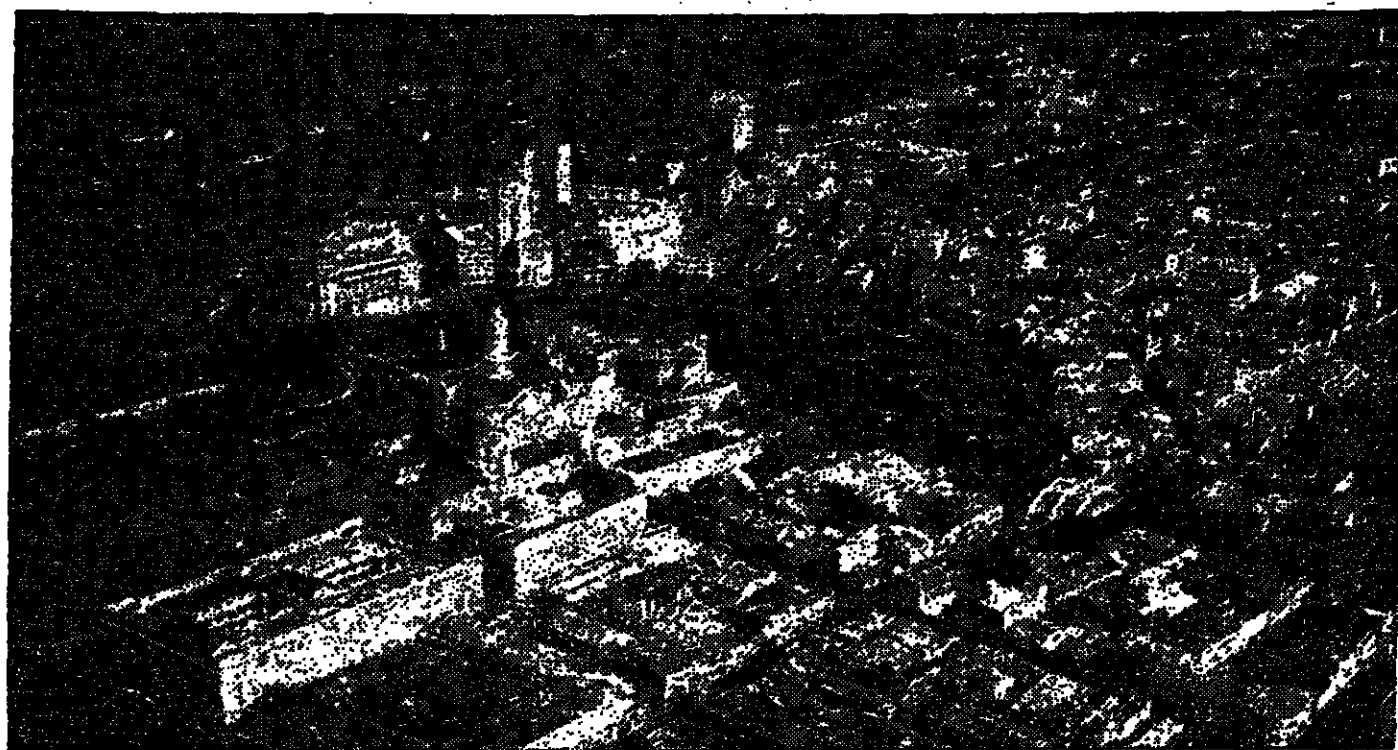
San Miguel began operations with only one product. Beer in 1890. Since then, we've raced through the years, pioneering in new and essential industries which have satisfied the needs of people... soft drinks in 1922, dairy products in 1925, yeast in 1932, packaging products in 1937, poultry and livestock feeds in 1954.

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**Island city-port  
sets Asian success story  
and makes determined  
bid to become the commercial  
hub of Southeast Asia**

## SINGAPORE

(Continued from Page 9)

complete their military withdrawal sometime next year. The military, Singapore leaders say, may have considerable impact on Singapore, particularly as it will coincide with the scheduled reduction of U.S. forces in South Vietnam.

Nevertheless, "knowledgeable sources agree that the current growth of the Singapore economy is particularly vigorous and this expansionist trend should continue at least in the foreseeable future," reports John E. Walsh of the Far Eastern division of the U.S. Commerce Department's Bureau of International Commerce.

Various factors are cited for Singapore's performance. They include: A geographical location that makes the city-state a commercial front door to Malaysia and the potentially huge Indonesian market; tough labor laws designed to minimize labor-management conflicts; a government that is widely recognized for its pragmatism and honesty; a wide range of inducements for foreign investors; a lack of government red tape, and a comparatively well-educated, low-wage labor force.

### Pragmatism

"The only 'ism' guiding Singapore's leaders is pragmatism," said one foreign businessman. These leaders have set their sights on Singapore becoming a shipping and manufacturing center, a base for all industry operations in Southeast Asia, a tourist haven and, not least of all, an Asian financial center. As a manufacturing center, Singapore's development has been aided by Hong Kong's rising labor costs and by the high cost of land in the British crown colony.

Singapore has succeeded in attracting not only projects involving labor-intensive operations, but also activities requiring

substantial capital as well as labor input.

Among the largest projects is a shipyard on which construction started earlier this year. It is being built by Jurong Shipbuilders (Private) Ltd., jointly owned by the Singapore government, Ishikawajima-Harima Heavy Industries Co. (IHI) of Japan, and Jurong Shipyard Ltd. Jurong Shipyard Ltd. is jointly owned by IHI and the Singapore government.

IHI, which describes itself as the world's largest shipbuilder, says Jurong Shipbuilders is to complete construction of its first vessel by the end of July, 1972. It will produce IHI's Freedom vessel, a 14,800 deadweight ton general cargo vessel that the Japanese shipbuilding company is currently building at the rate

of 23 to 24 a year at its Japanese shipyards.

IHI, which as of late May had received orders for a total of 72 Freedom vessels, says that after its fifth year of operation Jurong Shipbuilders is to produce six Freedom vessels annually.

Another big project is in the plastics field, a 12-million-pound-a-year plastics fabrication plant that is being built by Gulf Oil Corp. of the United States. It is said to involve an investment equal to the total current capital outlay for production facilities in Singapore's plastics industry.

Many of Singapore's new industries are located in the Jurong industrial estate where 223 factories are currently in operation employing a total of 35,000 workers. Less than nine

years ago, the area was a swamp. The Jurong industrial zone is being expanded to the west to open up 8,000 acres of land to accommodate 205 additional factories and marine-oriented industries.

By the end of this decade, when Jurong is to be fully developed, a senior official said, the entire complex will cover an area of 12,000 acres accommodating an estimated 500 factories.

Within this decade, Mr. Walsh says Singapore's importance as a supply center for Asian oil operations also is expected to grow rapidly. Even now, he says, Singapore is enjoying a "booming business" supplying oil operations with supplies and equipment.

In the field of tourism, Singapore is making considerable progress, having lived down a

reputation of being a "Red city," a description that stemmed from the state's former political and labor strife.

More than 30 hotels, with an estimated 11,000 rooms, are under construction. Last year passenger arrivals by air and

sea totaled 549,000 compared with 163,000 in 1965.

For some, Singapore is becoming best known as a center for the fledgling "Asia dollar market," basically a market involving U.S. dollars on deposit in banks in Asia.

## The Coming Decade in East Asia

(Continued from Page 9)

an estimated 1.6 billion U.S. dollars last year. The island's port—the world's fourth largest—handled 37.7 million freight tons in 1969, compared with 14.2 million freight tons in 1959, and the port facilities are being expanded to cater for the latest container vessels.

Even in Malaysia and Thailand, which are essentially agrarian economies, the industrial share rose to about 13 percent of the GNP. And in the Philippines, it increased to 17.5 percent.

Malaysia, which already has one of the highest per capita income rates in Asia, hopes to achieve the per capita level of a developed country within a generation.

South Korea is expecting another year of brisk economic growth in 1970, possibly at a

rate second only to that of Japan in Asia. The government has forecast a real increase of 10 to 11 percent in the country's gross national product this year, compared to 15.5 percent in 1969.

But Taiwan's performance is challenging the South Korean lead. Taiwan expects its economy to make a great leap forward during 1970, and there are signs that it probably will.

The Philippines view 1970 as the first of several crucial years for its new external debt management program, which is a key factor in the country's current drive to attain a sustained economic growth.

But there is an atmosphere of renewed confidence in the country about the economic future following several favorable reports about its economic performance to date, and the International Monetary Fund's decision to help the

Philippines to overcome current debt repayment problems.

Despite anxieties about the economy of Hong Kong, which is facing labor shortage problems and increased competition from Singapore, the British colony is experiencing boom conditions, and there is confidence among government officials and businessmen that Hong Kong will overcome these problems.

Hong Kong's domestic exports rose by 24.8 percent to 10.5 billion Hong Kong dollars (about 1.7 billion U.S. dollars) last year, and the United States accounted for 42 percent of the colony's total exports.

Indonesia, one of the world's richest natural areas, is pressing ahead with a five-year development program which places the emphasis on development of the agricultural sector, where 75 percent of the country's estimated 113 million people are employed.

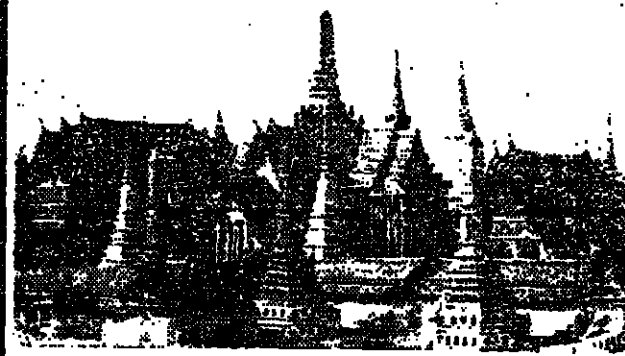
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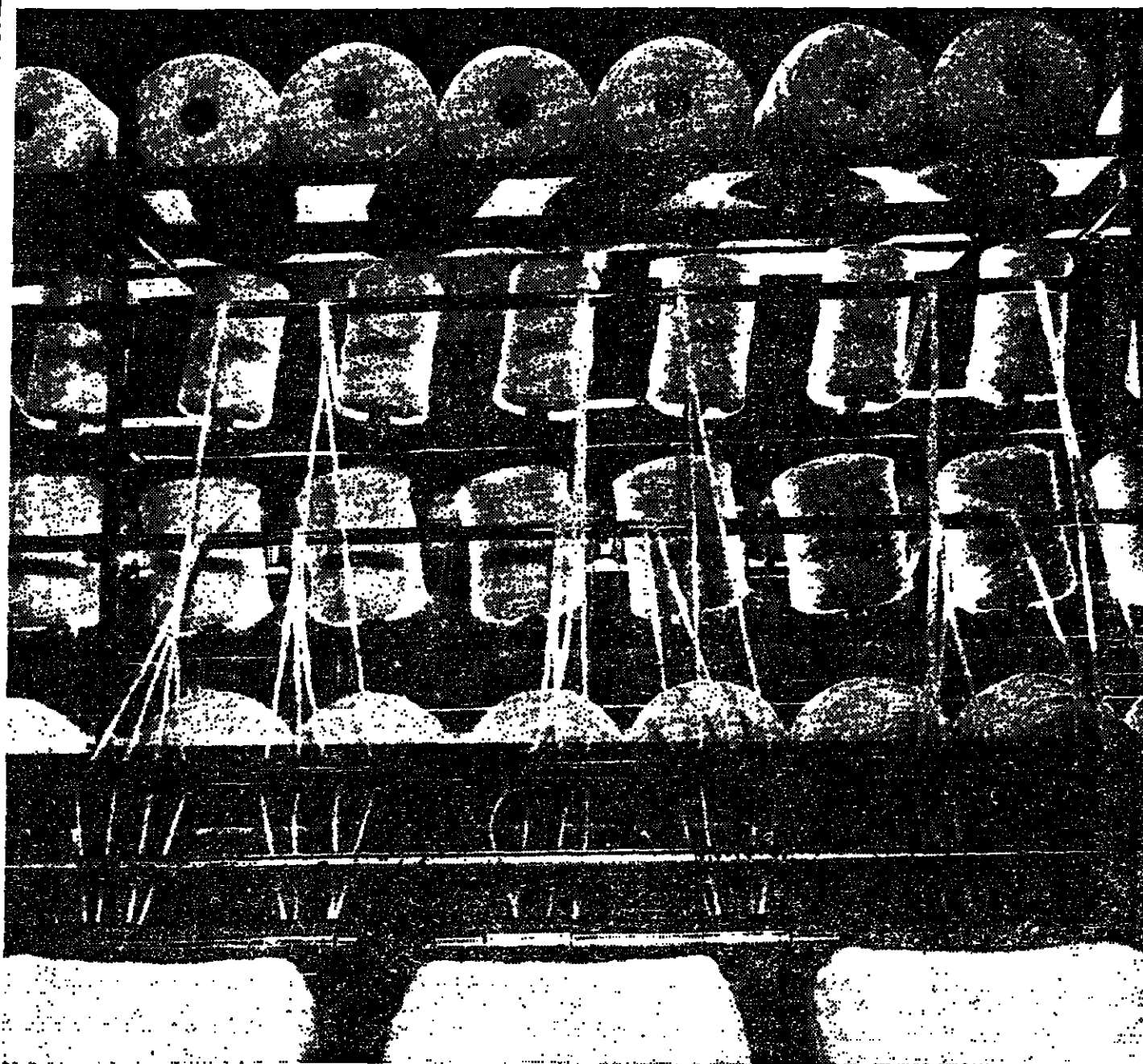


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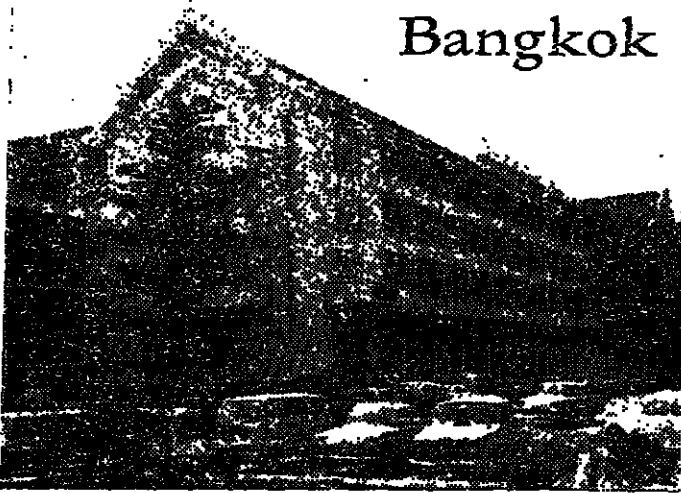




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## HONG KONG

(Continued from Page 9)  
the 1969 results highly satisfactory, particularly the export statistics, a closely watched economic barometer in this colony which exports an estimated 90 percent of its manufacturing output.

In 1969, Hong Kong's domestic exports rose 24.8 percent to 10.5 billion Hong Kong dollars (about 17 billion U.S. dollars) from 8.4 billion Hong Kong dollars (about 14 billion U.S. dollars) the previous year. Re-exports rose 25 percent to 2.67 billion Hong Kong dollars from 2.1 billion the previous year.

Imports in 1969 rose to 14.8 billion Hong Kong dollars from 12.5 billion in 1968. Of domestic exports, clothing accounted for 38.4 percent, yarns, fabrics and made-up textile goods, 10.8 percent, toys 7.5 percent, electronic equipment and components 7.8 percent, hair wigs and pieces, 6.2 percent, plastic flowers 3.5 percent, rubber footwear 1.7 percent, watches, clocks and accessories 1 percent, travel articles such as handbags 1.4 percent, footwear other than rubber footwear 1.1 percent, rattan articles 1.1 percent, dolls 0.9 percent, flashlights 0.6 percent, plastic and household miscellaneous items 0.6 percent, furniture 0.7 percent, printed matter 0.8 percent, photographic and optical equipment 0.7 percent, ships and boats 0.5 percent, metal utensils not enameled 0.3 percent, and other goods 16.5 percent.

#### Textile Fears

Although they express confidence in Hong Kong's general economic outlook, the colony's leaders are worried by threats from the U.S. Congress that mandatory quotas on U.S. imports of man-made fiber and woolen textile products will be imposed if textile-exporting countries, such as Hong Kong, do not agree to "voluntarily" restrain their shipments of these products to the United States.

The United States, which last year accounted for 42 percent of all of Hong Kong's exports, is a big market for the colony's almost wholly export oriented textile industry.

Last year officials say the textile clothing industry accounted for 47 percent of Hong Kong's domestic exports in terms of value and employed 41 percent of the labor force in the colony's manufacturing sector.

The Hong Kong Trade Development Council readily acknowledges that Hong Kong is over-concentrated in textiles and clothing. This renders Hong Kong vulnerable to influences outside its control, an official said, in reference to the textile import restrictions imposed or proposed by various countries.

The Council's established policy, he said, is to try to diversify both Hong Kong's markets and the products it sells in these markets.

The diversification is being helped by foreign investment in the colony. U.S. enterprises have made substantial investments in various areas, including the production and assembly of electronic components.

Hong Kong officials say that foreign investments also help to raise the general standard of quality and efficiency in Hong Kong manufacturing operations.

To meet competition from developing countries with abundant low-wage labor forces, the officials say, Hong Kong where possible, has to upgrade the technical level of its manufacturing.

#### Labour Shortage

Hong Kong can no longer count on an abundant, low-wage work force. It is experiencing a growing labor shortage that is reflected in high job turnover and demands for higher wages.

The manufacturing wage index in 1969 reached 252, up 145 percent from 103 in 1959. At the end of 1969, average daily wages for a skilled worker ranged from 11 Hong Kong dollars to 36 Hong Kong dollars.

For semi-skilled workers, average daily wages ranged from 6.60 Hong Kong dollars to 24 Hong Kong dollars. For unskilled workers, they ranged from 6 Hong Kong dollars to 15.80 Hong Kong dollars.

In addition to basic wages, many manufacturers provide

various fringe benefits and a one month bonus for the lunar new year.

To maintain their competitive advantage over South Korea and Taiwan, Hong Kong businessmen are expected to emphasize "more sophisticated products, invest in new labor-saving machinery, or switch production to lines of goods that require and utilize the higher productivity of the Hong Kong worker," said analysts in the Far Eastern division of the U.S. Commerce Department's Bureau of International Commerce.

As well as wages, rents and land prices have soared in the

past year. Officials say they look for some easing of price pressures on factory facilities late this year when, they say, new buildings are scheduled to be completed in the New Territories, a land area of 366 square miles that was leased from China on 1 July, 1898, for 99 years.

#### China-Leased Land

Officials complain that industrialists have been slow to develop the New Territories, although the lease from China still has almost three decades to run.

In this connection, there continues to be, of course, much

speculation about Peking's attitude toward its future relations with Hong Kong.

In Hong Kong, the decision to proceed with the long-planned cross-harbor tunnel was viewed as a significant indicator of confidence in the colony's future.

The 45 million U.S. dollar project, on which construction started last fall, will provide an underwater link between Hong Kong's twin cities of Victoria and Kowloon.

Other developments also underscore the confidence of investors in Hong Kong's future. About eight hotels are

either planned or being built, while several existing hotels are adding new wings.

This year the colony is expected to record a sharp increase in its tourist arrivals because of the large number of visitors to Expo 70 in Osaka, who also plan to visit Hong Kong. The colony now ranks second only to Hawaii in the Pacific as the major stopover point for travelers.

Recently, the number of U.S. companies establishing regional offices for Asia has increased sharply despite the current difficulties and high cost of finding suitable accommodation.

## THAILAND

(Continued from Page 9)

components and raw materials for their Thai production facilities.

The imports are one large factor in Thailand's big trade deficit with Japan, which counts Thailand as its fourth largest export market in Southeast Asia after South Korea, Hong Kong and Taiwan.

In 1969, the Bank of Japan reports that Japan's exports to Thailand rose to the equivalent of \$435 million, free on board, from \$365 million FOB in 1968 and only \$134 million FOB in 1961.

Japan's imports from Thailand, on the other hand, rose to only \$187 million, including the costs of insurance and freight from \$147 million CIF in 1968 and \$78 million CIF in 1961, the Japanese Central Bank reports.

If the Bank of Japan's export figures included the cost of shipping Japanese goods to Thailand, as do its import statistics, Thailand's trade deficit with Japan would appear even larger.

Impelled by Threats  
In the face of Thai threats

to curb imports of Japanese goods, Japanese industry and government leaders have promised to try to promote the import of more Thai goods into Japan.

As well as Thailand, other Southeast Asian countries, including South Korea and Taiwan, are pressuring Japan to import more of their goods to alleviate trade deficits.

As a major producer and exporter of rice, tin, rubber and corn, Thailand is, of course, vulnerable to setbacks when price declines occur in these commodities.

For January-November, 1969, exports, according to preliminary figures of the Thai department of customs, totaled 13,140 million baht (about \$633 million) FOB, down from 14,186 million baht (about \$687 million) the previous year.

In 1968 exports totaled 13,670 million baht (about \$669 million) FOB, down from 14,166 million baht (about \$687 million) the previous year. In 1968 imports rose to 24,103 million baht (about \$1,162 billion) CIF, from 22,188 million baht (about \$1,068 billion) the previous year.

In January-November, 1969,

rice exports totaled 940,141 metric tons, worth 2,724 million baht (\$131 million). In 1968, Thai rice exports totaled 1,071,830 metric tons worth 3,787 million baht (\$182.5 million).

In volume, Thailand's rice exports have been declining yearly since 1965 when export shipments totaled 1,896,256 metric tons. The national statistical office estimates that Thailand will have about 1.8 million tons of milled rice available for export this year.

Despite the prospect of "stiff competition" from other rice-exporting countries, the Bangkok Bank Ltd. said Thailand is expected to export more than one million tons of rice this year.

Some economists say that with its comparatively large reserves of gold and foreign exchange Thailand can buy enough time to take the necessary measures to correct its balance-of-payments deficit.

At the end of 1969, Thailand's reserves of gold and foreign exchange totaled the equivalent of \$974 million, down from \$925 million at the end of 1968, but still large compared

with those of most other developing countries.

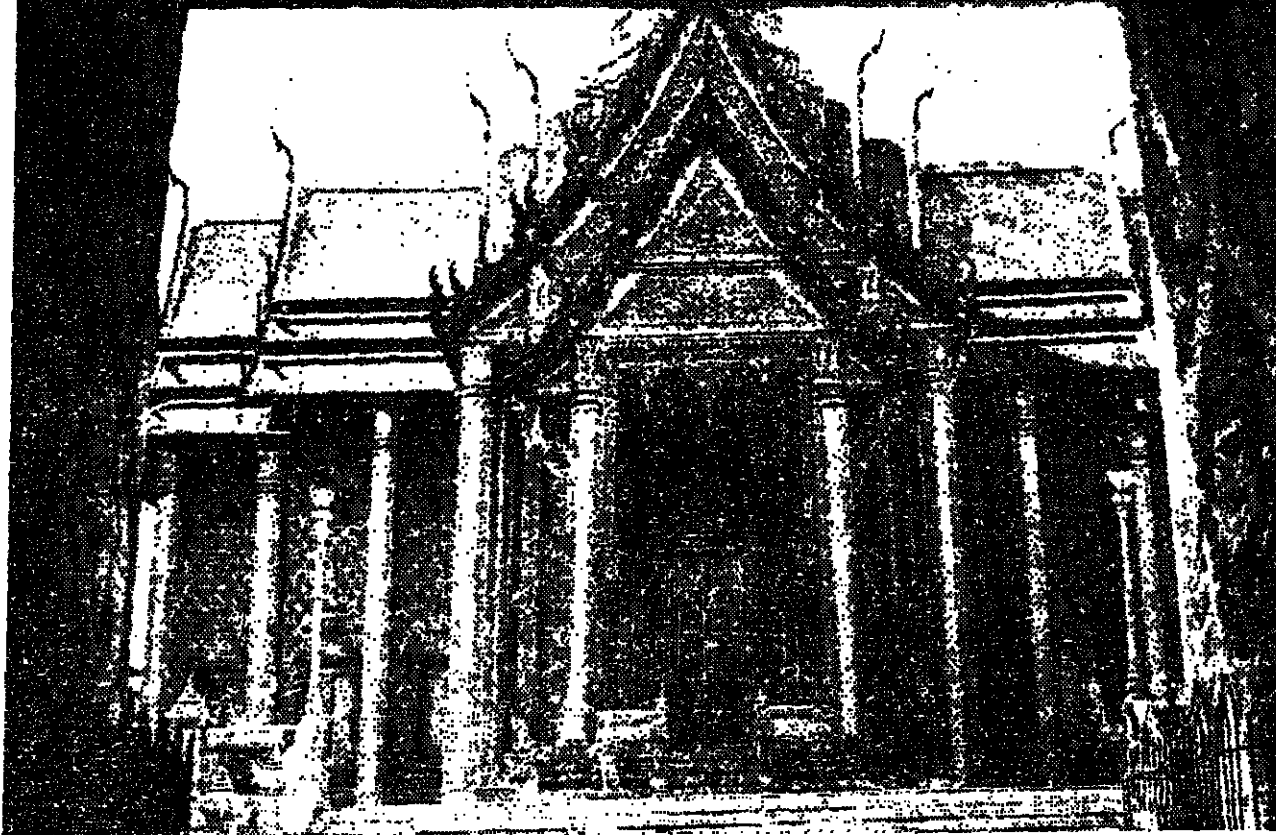
In a recent survey of the Thai economy, Floyd J. Dubas of the Far Eastern division of the U.S. Commerce Department's Bureau of International Commerce said the "remarkable forward drive in the economy in recent years is showing some loss of momentum."

However, according to one international agency's estimate, the Thai economy achieved real growth of 8 percent last year in its Gross National Product. This compares with average annual real growth of 7.3 percent during the six-year period from 1961 through 1968.

Much of Thailand's growth has been fueled by U.S. spending on the Vietnam war. Thailand, according to a report of the United Nations Economic Commission on Asia and the Far East (ECAFE), is the Southeast Asian country most likely to be hardest hit by a reduction of U.S. spending in the war.

The Bank of Bangkok concurs, observing that U.S. government expenditures have "unquestionably been the most vital source of dollar income for Thailand" in recent years.

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## Eurobonds

Concern Over Profit Squeeze  
Dominates Traders Meeting

By Condon Bakstansky  
OPENHAGEN, May 31.—Euro traders are feeling an increasingly severe profit pinch, it was one conclusion emerging from a meeting here of the Association of International Bond Dealers, which is caught by the same one-two punch as are interest brokers: Low volume trading by one estimate at the year-ago level—and no paper losses on their portfolios.

The problem has been exacerbated in the youthful Euro market by losses incurred to delays in delivery, a concern which has plagued the market since its inception.

In addition, price recovery is set to take a good deal in Europe than in the United States, thanks to the re-entrance developed by factors after the crash of the "go-go" market.

The bond dealers thus limited themselves this weekend to re-entrance through formalization of existing procedures rather than breaking ground in regulatory areas, even really chastising members for not living up to certain standards.

growing interest for self-protection led one AIBD executive committee member to remark: "The events of the past few days have taught us all that the prime responsibility is to the firm, not to the market."

complaints were aired on the unreliability of some members when members attempt to approach them for certain

trades, to which another member responded "that's how we're still around to make markets."

A good deal of acrimony centered on the position of the Grand Duchy of Luxembourg in the market scheme of things.

Long viewed as a sort of high-class tax haven, Luxembourg has been trying to break out, most recently through a clearing system for Eurobonds called Cedel. The system is in an advanced planning stage due to start work on Jan. 1, 1971.

The clash between Luxembourg and the capital market establishment—largely in the form of Morgan Guaranty Trust's Euro-Clear—came out this time over a technical correction in AIBD rules.

The cash-trail brokers were trying to set up a settlement system for the fraction of dealers not handled through Euro-Clear or Luxembourg depositary banks. The new rule would have established simultaneous payment on completion of order for trades which heretofore had to be financed until physical delivery of the bonds.

But it also would have meant the creation of payment facilities in Luxembourg banks which the banks held would be an unfair burden, considering the operational changes they are already planning in line with the introduction of Cedel.

The Luxembourg banks won their point in a close vote, largely thanks to the number of abstentions.

In the view of some members, Luxembourg lost the battle for market control, but its inflexible stance on the issue.

And Euro-Clear says it feels the AIBD study of clearing system

IOS Not Interested by Gramco  
Despite King Withdrawal

GENEVA, May 31 (NYT).—A spokesman for Investors Overseas Services said that despite the withdrawal of John King, the Denver businessman, as a possible rescuer of the company, it was uninterested in receiving a participation bid from Gramco, a London-based real estate mutual fund.

Mr. King, announced Friday he was unable to go through with his intention to mount his projected IOS rescue operation because the Securities and Exchange Commission in Washington remained opposed to having IOS do business in the United States. However, an IOS spokesman asserted that Mr. King could not get adequate financing.

The spokesman for the Geneva-based IOS investment complex said Saturday that he stood on a statement made Wednesday when he declared: "We have never negotiated or discussed an offer of participation by Gramco, nor do we intend to."

Gramco officials had said several times that they were interested in buying into IOS if the King deal fell through. However, it is understood that IOS executives have never taken the statements seriously.

Sir Eric Wyndham White, the former international trade official who moved temporarily into the board chairman slot vacated by Bernard Cornfield, who built the IOS empire, said Friday night that IOS was continuing active negotiations to bring new participants into the company.

The IOS aim is to find well-established financial names in its principal areas of operation that would give the company a new appeal to investors.

N.Y. Stock Exchange Shares End Plunge,  
Shoot Up Sharply to Raise Investor Hopes

By Thomas E. Mullaney

NEW YORK, May 31 (NYT).

With dramatic suddenness, the New York Stock Exchange pulled out of its deep nosedive in the middle of last week and shot sharply upward, fanning Wall Street hopes that the prolonged bear market might have ended at last.

There were no evident changes in the fundamental factors that had so severely depressed prices of securities on a broad front, but there was a better psychological mood in Wall Street as the technical position of the market generated the forces that produced a powerful upswing.

The change in atmosphere developed on Wednesday morning, after the major stock averages had plunged the day before to their lowest point in seven and one-half years, and the new

climate prevailed through the rest of the week.

Although the stock market's spectacular rally had its origin in technical factors within the market itself, the upturn was given impetus later by favorable reaction to the administration's session last Wednesday night with business leaders, particularly the pledge of Arthur F. Burns that the Federal Reserve Board, as a "lender of last resort," would not let the economy collapse because of a shortage of ready funds in banks or other financial institutions.

Wait and See

The latest statistics indicate that the pace of monetary expansion has been accelerating rapidly. The money supply (currency plus most checking accounts) has grown at the unusually high annual rate of 9.2 percent in the last three months—well above what is considered

to be the central bank's target.

While pleased with the abrupt change in the investment weather, many security analysts were baffled by the rapidity of the change and somewhat skeptical as to how long the salutary conditions of recent days would continue.

Sidney Lurie of Josephthal & Co. remarked: "The market got to the point on Tuesday where there was nothing more in the way of bad news to discount. Will the upturn last? The market should quiet down for a while, and we'll see a separation of the wheat from the chaff, and then there should be a secondary turning."

The turnaround last week came without benefit of the "traditional" selling climax that some market experts believed would be necessary to extinguish the lingering depressing forces in the market. For no apparent external reason, selling pressure evaporated and buying interest intensified.

The most common explanation was a technical one—the market had simply been overdone during its 35 percent drop over the last 18 months. Many stocks had fallen to historically low price-earnings ratios that made them exceedingly attractive in an economy with promising near-term prospects.

There was all too much reason to believe that the administration's repeated pronouncements that the economy was basically sound and would be moving upward again in the second half of the year following its mild contraction during the last three quarters.

The market upturn gained momentum as President Nixon and other top government officials were reassuring business leaders about the underlying

strength of the economy, the intention to maintain restraint in the federal budget, their continued opposition to wage and price controls and their confidence that the decision to move troops into Cambodia would facilitate the reduction of forces in Vietnam over the next year.

It was the general loss of confidence in the administration's handling of these matters, as well as the persistence of high-level inflation, social unrest and international tensions, that had created fear and uncertainty among investors and along Wall Street. Although the market seemed to ignore them last week, all of the basic problems remain.

The only encouraging development on the inflation scene lately has been the fairly stable behavior of the wholesale price index, even though it rose 0.2 percent in April. The continuing decline in food prices has heartened inflation-watchers. But it is obvious that there is still a difficult fight ahead, to reduce the rate of price increases, despite the confident statements by the Nixon administration.

In the bond market last week, interest rates soared on Monday and Tuesday, with prices declining, chiefly because investors remained unconvinced that the government would effectively bring inflation under better control. The heavy flood of new financing was another major factor in the market performance.

Long-term government bonds dropped nearly 4 points in two days, or \$40 on a \$1,000 bond. And new corporate bond issues were marketed with the highest

(Continued on Page 17, Col. 6)

## Amex, Counter Up for the Week; 1st Time in 2 Months

By Alexander R. Hammer

NEW YORK, May 31 (NYT).

New explosive rally enabled most issues traded on the American Stock Exchange and on the over-the-counter market to end in the plus column last week.

It was the first time in two months that the two markets had managed to advance for the week.

Analysts termed the recovery a technical reaction resulting from the market's oversold condition. They noted that prices had declined so much in recent months that a sharp rebound was likely. The rally started on Wednesday after prices in both

markets had dropped sharply in the preceding two days.

On the Amex, the price-change index rose 0.50 on Wednesday to 19.95, the largest daily rise since the index was started on Oct. 1, 1962.

The indicator closed Friday at 20.71, up 0.65 from the preceding Friday.

Turnover last week spurted to 27,264,230 shares from 18,573,325 the week before. On Thursday, volume climbed to 6,819,340 shares, the heaviest trading of the year.

Prices also made good gains on the over-the-counter market. The National Quotation Bureau's index of 35 industrial issues ended at 291.29 up 6.70 points

from the level at the end of the previous week.

Some of the stronger counter issues included Raychem which climbed 12 and Panny May which advanced 11 points. Lilly rose 9; Horizon Corporation gained 6; Amersbach rose 5; and 7; Babcock 4 1/2; O.M. Scott added 4, and American Blochemie and Cavanagh Leasing each tacked on 3 1/2 points.

Increased public and institutional buying brought advances in practically all bank and insurance issues. In the bank group, the Bank of America climbed 5 points; Crocker National was up 4 1/2, and Citizens & Southern gained 4 points.

## Over-Counter Market

IN YORK (AP)—Weekly Over the

YORK (AP)—Weekly Over the counter market trading was high, but bid prices for the week with the surge from the previous week's low. All quotations supplied by the National Association of Securities Dealers are not actual transactions but are indicative of the market.

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High Low Last Net

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Bruck Arms 50 1/4 1/4 1/4 1/4

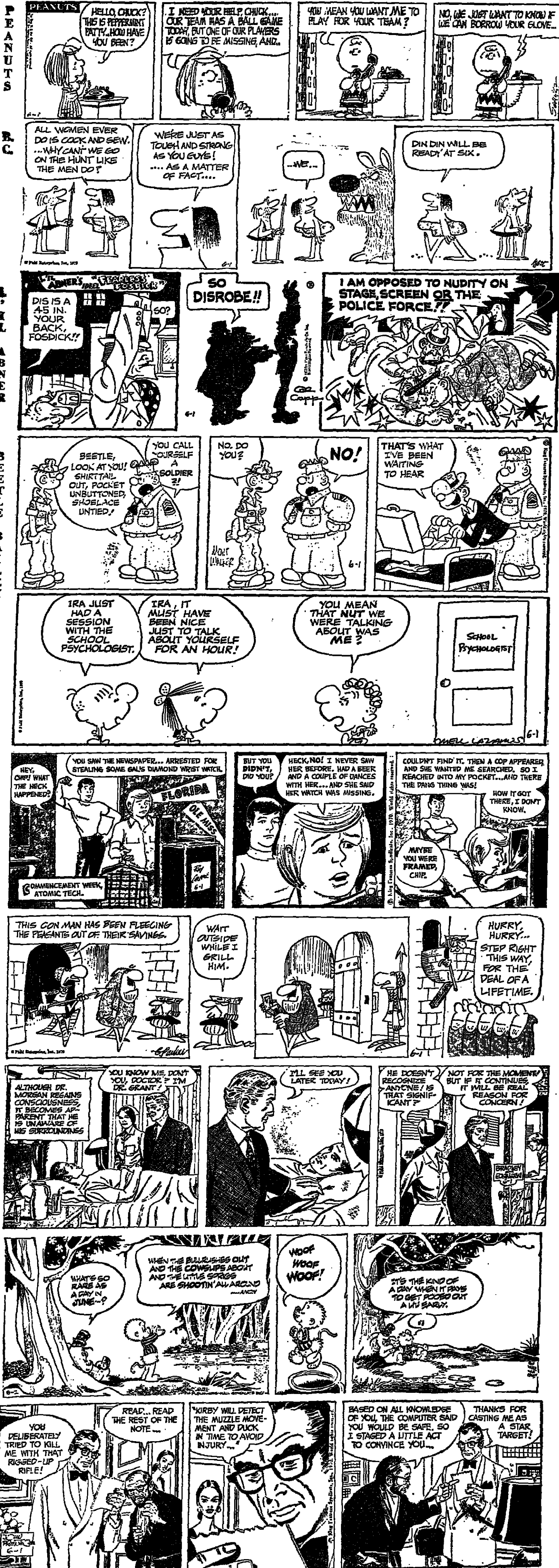












## BLONDIE



## BRIDGE

By Alan Truscott

South opened one club and subsequently bid both his majors. North was in order to jump to three clubs on the second round if the partnership understanding was that such a bid was invitational rather than forcing—a matter of style—but his three no-trump bid was poor. As South was marked by the bidding with at most one diamond, North's diamonds were not strong enough for a no-trump game.

North should have bid four clubs or even five clubs over three spades, but as it happened it made no difference for South bid five clubs himself. East could not resist the temptation to double.

The opening diamond lead was taken with dummy's ace, and a spade was discarded. Warned by the double about the bad trump distribution, South made no attempt to draw trumps. Instead he set about preparing for an end-play.

A diamond ruff was followed by the top hearts, and a spade was thrown from the dummy. The next four tricks were taken by a heart ruff, a diamond ruff and the ace and king of spades.

The last heart was ruffed low in dummy, leading to this position:

A diamond was led from the dummy, and East suddenly discovered that his three "sure" trump tricks had dwindled to two. However he defended, South was sure to make the club ten or nine as his 11th trick.

The moral is that one should not double the opponents in freely bid game contract, especially if the declarer is a dummy-player of South's considerable ability.

Neither side was vulnerable. The bidding:

South	West	North	East
1 ♣	Pass	1 ♠	Pass
1 ♥	Pass	3 ♣	Pass
3 ♠	Pass	3 N.T.	Pass
5 ♣	Pass	Pass	Dbl.
Pass	Pass	Pass	Pass

West led the diamond five.

**Solution to Friday's Puzzle**

COMPOST	CRISOL	CRISOL
AVARICE	ALIBANE	ALIBANE
SECULAR	BIANQUE	BIANQUE
TREY	TRAI	MAIRE
SPAIN	STIRS	KHARIS
PASADENA	VIOLIN	VIOLIN
LUSTRE	CARRIAGE	CARRIAGE
INTACT	SENTENCE	SENTENCE
VEHICLE	DIING	NEER
SMELL	SMELL	SMELL
ARMA	ABOUT	AMER
CARINATA	PILGRIMAGE	PILGRIMAGE
ENCLOSURE	LIMITIAL	LIMITIAL
SIARESE	EMPRESS	EMPRESS

## DENNIS THE MENACE



## JUMBLE—That scrambled word game

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

HAVRT  
CHUVO  
LIMIES  
PHAIMS

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print the SURPRISE ANSWER here

(Answers tomorrow)

Saturday: Jumbles: LEAFY CIVIL DRIVE MIDDAY

Answer: What some dentists might give you—THE DRILL OF YOUR LIFE

## BOOKS

## A FAIRLY GOOD TIME

By Mavis Gallant, Random House, 306 pp. \$5.95

Reviewed by R.V. Cassill

WE take it for granted that gossip is one of the great popular arts, but it takes a novel as splendid as this one to demonstrate how the fine and intricate tendrils of gossip can be enhanced and transfigured by the literary artist.

Shirley Ferrigny (née Norrington, native of Canada) was born at home in her mother's bed. Mrs. Norrington had wished to be attended by her husband or by no one at all, for she had read that birth was as simple as breathing, and that the umbilical cord could be bitten in two by any agile woman.

The Shirley we see bumbling, prying, gossiping her way around Paris "less than a year after Marilyn Monroe's suicide" is peculiar, she believes, because actually "she was born feet first." This is as good an explanation as any—in some ways better than most, since it is exactly the sort of determinant "fact" that gossips love to entertain. It has the same prophetic, sibylline force as the myriad details Shirley garners by peeping into her husband's private correspondence, chatting in a café with her mother's friend, sparring with her landlady, preventing a suicide, sleeping with the upstairs neighbor, engorging the troubles of an entire French family, and meditating the adulatory letters her mother still sends from Canada.

Her friends declare that Shirley gives everything away, and her poor, repulsive husband of the moment asks bemusedly, "Why do you give everything away? It sounds like a kind of imbecility. If anyone ever tried to stop you?" Try or not, at least no one has ever prevented her from giving away not only her time, money and affections, but even her integrity as a person. She throws the tatters of her soul away like a Karamazov flinging rubles to the gypsies. But, ah!—there is a convincing and comic compensation for this prodigality. As she goes there is a certain adhesiveness to the adventurous Shirley. New things, friends, gratifications and rich images of Paris life stick to her as she passes on to her way. Her life is constantly recomposing as time and recklessness grab morsels away from her.

Her French husband insistently discusses her with the landlady. "But it was not gossip," Shirley knew that he considered it merely as a problem in logic. Naturally an orientation to logic is incompatible with an orientation to gossip; so Philippe flees from the marriage, back to the mother whom he despises. At last, after logically employing detectives to watch her unguarded charities with the man upstairs, he moves to obtain a divorce as efficiently and economically as possible, in the best French tradition. "I meant to ask him," Shirley writes to her mother, "why he

had married me, so that I could tell other people. But perhaps no one will ask me that, any more now. . . . I'm about as always was, so please don't worry."

As Shirley moves into her twenty-seventh year, she is neither sadder nor wiser than when she was brought to Paris by her first husband and left widow there. But, praise God, she has lost none of her great adhesive gift for gathering the gossip-tearful stuff of Parisian life and fingering it with undimmed curiosity. Whether it can satisfy her womanly hunger or not, it is splendid fuel for the reader. There is, for example, the anecdote of the kindhearted American officer who secretly gave powdered milk to a little French girl after the liberation.

"The doctor examined her and said to her mother, 'I regret to say that the little girl has been drinking milk in large quantities. . . . The doctor took Madame Ferrigny's hand and placed it close to the child's ribs, and there, as Madame Ferrigny was to say to Shirley years later, 'I could feel Colette's liver beating beneath the skin.'"

The scene of Shirley's dinner with a French family is as very funny that it ought to seem cruel.

"My friend has brought in good wine, so you can take that Algerian beaujolais away. 'Yes, Madame' has brought wine," said Gerald, as he might have said, "She has brought her own salt and pepper."

But the cruelty of perfect observation and candor is redeemed, throughout, by gossip's kindness for which is rewarded just as the stuff of gossip is transformed into wit and illumination by a style of inexhaustible richness. At one point Shirley herself cries out: "No wonder Freud said women couldn't be analyzed!" If she is not analyzed by these stinging pages, she is at least fully comprehended and given a stage where the full flux of womanly instability can rampage and redeem the follies of men and a foreign culture.

She reads in a book she has saved from childhood: "The world will not burn for ever; it will be burnt up at last, and God will make another much better than this." This common sense, Shirley said.

And common sense is, of course, most gloriously from the perfect epithets, the exactitudes of reported dialogue and the endlessly sinuous paths of the narrative. Page by page, and as a whole, Mavis Gallant brings to life things beyond analysis: "A Fairly Good Time" is a very, very good novel.

R. V. Cassill, who wrote this review for Book World, literary supplement of The Washington Post, is president of the Associated Writers Programs at Brown University.

## CROSSWORD

By Will Weng

**ACROSS**

- Smooth
- Perceive
- Agile
- Byzantine empress
- Greater
- Vegetables
- Holiday dessert
- Swindled: Slang
- Rectal numbers
- Book-cover worker
- Fisherman
- Kind of stew
- Sec. of State under D.D.E.
- Secret writing: Abbr.
- Prepare fruit
- Reference book
- Sportswear cloth
- Daughter of Cadmus
- Staff of life
- Six in Napoli
- Fish
- Yla
- Sea eagle
- Vetch
- Potpourri

**DOWN**

- Sound of sorrow
- Operatic solo
- Restaurant offering
- Common suffix
- Etui contents
- Hot coal
- Classy
- Having a garrison
- Affirmative vote
- Units of a humane group: Abbr.
- Something yummy
- Garden implement
- European river
- Disappointed one
- Roman 551
- Common Latin notation
- Lease
- Part of a ship's bow
- Anesthetic
- Works on caramels
- Pointless
- Perennial TV show
- Whirlpool off Sicily
- Salon décor
- Small bird
- Elementary
- Join
- Fruit-salad item
- Theory
- Treasure
- Numerical prefix
- Vicinity
- On view
- Coal seam
- Common contraction
- Make do with: Slang
- Peak

